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Daily Report

LAST ISSUE

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LAST ISSUE

Central Eurasia

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Daily Report
Central Eurasia

FBIS-SOV-96-158 *14 August 1996*

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CIS: ITAR-TASS Carries Press Review for 14 Aug

LD1408061496 Moscow ITAR-TASS in English 0549 GMT 14 Aug 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 14 (Itar-Tass) — The focus of the Izvestiya daily today is on the Chechnya trip of General Aleksandr Lebed and the presidential decree awaited these days to enhance Lebed's powers as Russian Security Council secretary.

The article "Militants are Going to Make Russia Sit at the Negotiating-Table" quotes separatists as saying that "the carnage in Groznyy is not the worst thing which is in store for Russia for its denying peace talks."

The separatist camp warns that if the factor of General Lebed, on whom the Chechens pin their last hopes for a stop to the war, does not work, it is not excluded that "operations will have to be launched in Russia's territory".

Izvestiya's "Reform of the Reform Government in Difficult Progress" looks at how Russia's new governments were molded. The article says "the revolutionary retailoring of the very structure of the executive power — drastic cuts in ministries and numbers of vice-premiers, the adoption of the institution of federal and state ministers — have failed to take place".

"Will We Shilly-Shally Again?" is the comment of Rossiyskaya Gazeta on Lebed's news conference on his Chechnya trip.

Lebed has not come up with anything fresh about the settlement, the newspaper says.

Rossiyskaya Gazeta's another article, "Nazdratenko Asks for Deeper Digging", lays out results of the recent probe by a federal commission into how the Maritime territorial administration handled payroll allocations for the territory's coal sector.

"Yevgeniy Nazdratenko refused to sign the summary of the probe into financial and economic activities of the territorial administration, conducted by the Russian president's audit department," the comment says.

His reason was "the wish for a more indepth probe".

"Secret Vote Makes Obvious True Intents of Deputies" looks at the massive vote of confidence the State Duma lower house gave to Viktor Chernomyrdin, Yeltsin's nominee for the second term as prime minister.

"Few doubted the win of Chernomyrdin, but no one probably expected it to be so resounding," the comment says. The tough talk about Chernomyrdin's performance by communist leader Gennadiy Zyuganov proved little more than a bid to save the face through rhetoric.

Russian Higher Education Committee chairman Vladimir Kinelev in an interview with Rossiyskiye Vesti says the high school can do a lot for Russia.

"Experience of all the countries we now call developed shows that to attain economic growth and, along with it, social well-being, there is the need for training specialists, who would understand the current reforms and would be able to accomplish them through new progressive technologies, through economic mechanisms, through new social relations," Kinelev says.

The army daily Krasnaya Zvezda in its article "One Can No More Save on Army". New Government must Become Aware of it" quotes figures which were cited at a recent government's meeting. The figures "can sent into shock any, even a most enduring officer, who has got no pay for two months".

The government's account claims the army's needs have been funded 109 per cent in total allocations and 119 per cent in payroll.

"They Kill in Groznyy and Betray in Moscow" is the front-page comment of Komsomolskaya Pravda.

It says:

"The army does not discuss orders. Even when it is sent to sure death. In Chechnya, the Russian army was repeatedly killed over the recent year and a half: first in Groznyy, in January of 1995, then in Argun, Vedeno, Gudermes, Shatoy, Shali, again in Groznyy...

"Russia has learnt the geography of Chechnya with tears in mothers' eyes.

"Go ask now a 17-year-old boy, who is to join conscripts soon, what the country's regional centres — he won't name as much as ten cities. Chechen villages he knows by rote. He is to die there tomorrow."

CIS: Rodionov Addresses CIS Defense Ministers in Moscow 14 Aug

LD1408082696 Moscow INTERFAX in English 0737 GMT 14 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — Russian Defense Minister Igor Rodionov said that in its military cooperation with other CIS countries Moscow prioritizes measures to prevent and settle conflicts in these countries, strengthen their collective security and boost bilateral relations.

Speaking at a meeting of the CIS defense ministers in Moscow on Wednesday [14 August], Rodionov

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suggested working out a concerted approach towards NATO's expansion to the East.

The CIS military leaders will also discuss a common military security system, measures to modernize their air-defenses and peacekeeping efforts in Tajikistan and Abkhazia.

Rodionov noted that many of the CIS defense ministers had served together in the Soviet army and expressed the hope that this would help create an atmosphere of mutual trust and understanding necessary for successful fulfillment of the tasks facing their countries.

The meeting is being attended by the defense ministers of Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.

Moldova is not attending.

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Russia: Yeltsin Allegedly Sends Clinton 'Secret' Letter on Baltics

MK1408113096 Moscow KOMMERSANT-DAILY in Russian 14 Aug 96 p 3

[Report by Aleksandr Koretskiy: "Baltic Leaders Argue That Yeltsin 'Gave Up' East Europe"]

[FBIS Translated Text] The BALTIC NEWS SERVICE [BNS] reported yesterday, as it commented on Estonian President Lennart Meri's personal message to Bill Clinton, that, the day before, the U.S. President received a secret message from Boris Yeltsin. In this letter, it is claimed, the Russian president agrees to admitting Poland, the Czech Republic, and Hungary as full-fledged members of NATO on the condition that the expansion of the alliance shall not involve the Baltic countries.

Having received the BNS report, KOMMERSANT-DAILY sought confirmation of this information in the Russian power structures. Mikhail Demurin, Russian Foreign Ministry press and information first deputy director, to a request to either confirm or deny it, stated straight out that the Foreign Ministry knew nothing of the existence of such a document. Saying it was his own view, the diplomat assumed that this was most likely a "canard."

Yeltsin's staff is another channel through which the presidential message could have been relayed to the White House. All attempts by your KOMMERSANT-DAILY correspondent to reach it by phone were not crowned with success — in all likelihood, calls were not answered there on principle — Medvedev seems to have quit, while his successor was not yet quite in. The staff's view (and what it thinks happened) during the period of "the changing of the guard" remains unknown.

Despite the fact that Moscow more likely denies than confirms the existence of its agreement that, in principle, the North Atlantic alliance may expand under the condition of the full exclusion of the Baltic countries from this process (unlimited by time), the leaders of these countries believe, however, that Yeltsin's letter does exist. One proof is Lennart Meri's decision to hold an unplanned meeting of the Defense Council on Thursday "to discuss the political situation and questions of ensuring security in the Baltic Sea region." The Estonians are not the only people who believe that Yeltsin's letter does in fact exist; their neighbors, the Swedes in particular, believe it, too. Swedish Prime Minister Goran Persson, was, to all appearances, the one who tipped off Tallinn about the Kremlin's correspondence with the White House. According to BNS information he met with Clinton right after the latter had received Yeltsin's message (if it does exist, it could have reached Washington on 7 or 8 August). In the meantime, Sweden's Defense Ministry has already prepared a report to its government expressing serious anxiety about the policy followed by Russia with regard to the Baltic countries.

Russia: Deputy Foreign Minister Denies Yeltsin-Clinton NATO Deal

LD1408110896 Moscow INTERFAX in English 1056 GMT 14 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — Moscow made no attempt to barter a deal with Washington in which NATO would admit some Eastern European countries while barring others, Russia's Deputy Foreign Minister Nikolai Afanasyevskiy [as received] told Interfax Wednesday. "The position of the Russian party remains unchanged," he said.

He said he does not know anything about a secret letter of President Boris Yeltsin which, according to some foreign press reports, U.S. President Bill Clinton allegedly received several days ago.

Yeltsin would allegedly agree to the admittance of Poland, the Czech Republic, and Hungary to NATO provided the Baltic states are excluded from the process of NATO's enlargement, according to the reports.

"I have no notion about the existence of such a letter. I think the matter concerns a distorted interpretation of Russia's position," Afanasyevskiy said.

As before, Moscow believes that it is necessary to agree on a general security structure in Europe and to see what NATO's transformation means, in order to discuss the nature of mutual relations between Russia and the North Atlantic Alliance.

"We think that we must negotiate with NATO. We are open for such agreements and such talks. However, the issue stating that Russia agrees to the admittance of several countries to NATO and opposes entering the alliance by several other countries is absolutely invalid," Afanasyevskiy said.

"We stick to the opinion that one should look for a system of security which will be good for all European states," he said.

Russia: Yeltsin Aide Denies Change of Opinion on NATO Expansion

LD1408125196 Moscow ITAR-TASS World Service in Russian 1222 GMT 14 Aug 96

[By ITAR-TASS correspondent Artem Protasenko]

[FBIS Translated Text] Moscow, 14 Aug (ITAR-TASS) — Russian presidential press secretary Sergey Yas-

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trzhembskiy has described an article published in today's issue of the newspaper KOMMERSANT-DAILY as "pseudo-information based on untrue material." The article cites the BALTIC NEWS SERVICE agency as saying that the Russian and U.S. presidents have been exchanging secret messages in which they are discussing plans for NATO's eastward expansion.

Addressing a briefing in the Kremlin, Yastrzhembskiy said that the exchange of letters between the heads of states is normal diplomatic practice, and that this can by no means be described as an exchange of secret messages.

The press secretary said that in one of his letters to Bill Clinton at the end of July, Boris Yeltsin noted the unacceptability of "urging" the Baltic states to join NATO. Sergey Yastrzhembskiy stressed that Russia has repeatedly stated its negative stand regarding the plans for NATO's eastward expansion.

Russia: Moscow Criticizes U.S. Congress Over Cuban Hearing Plans

LD1308144896 Moscow INTERFAX in English 1401 GMT 13 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 13 (Interfax) — The Russian Foreign Ministry has described the plans of the U.S. House of Representatives' Subcommittee on Inter-American Affairs to hold hearings on the Cuban government's alleged involvement in drug trafficking as another attempt to provoke the further aggravation of tension between the United States and Cuba.

The action seems to be being taken on the initiative of the influential U.S. anti-Cuban lobby, Russian Foreign Ministry spokesman Mikhail Demurin told a briefing in Moscow Tuesday.

He said Moscow paid attention to the fact that the U.S. State Department had distanced itself from the accusations levelled against the Cuban leadership. "We expect the U.S. Administration to further adhere to this reserved and responsible position," he said.

"Russia's efforts to fight international drug trafficking are well known in the world. We successfully cooperate in this area with the United States and other countries, including Cuba," said Demurin.

He recalled that in 1995 Moscow and Havana signed an agreement on cooperation in fighting the illegal drug trade.

"We believe that it would be possible to significantly increase the efficiency of this struggle if the United States and Cuba agreed to cooperate," he said.

Demurin said Moscow is prepared to provide assistance in the development of such contacts between Washington and Havana.

Russia: Foreign Ministry Spokesman on Resumption of Iraqi Oil Sales

LD1308182696 Moscow INTERFAX in English 1758 GMT 13 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 13 (Interfax) — Russian Foreign Ministry spokesman Mikhail Demurin has voiced the hope that the start of humanitarian aid supplies to Iraq in exchange for oil will give a long-awaited impetus to the post-crisis settlement in the Persian Gulf region.

The U.N. Security Council's committee for sanctions concerning Iraq last Thursday officially approved the procedure to implement Security Council resolution 986 on the supply of humanitarian goods to Iraq in exchange for oil, Demurin told a briefing in Moscow on Tuesday.

This is an important move which will help to appease the tight humanitarian situation in the country, the spokesman said.

For the first time, Iraq will have an opportunity to export $2 billion worth of oil over the course of six months.

Having praised the "potential" of resolution 986, the spokesman said nonetheless that this was "a provisional measure which should not be a substitute for the key purpose that consists of removing the trade-economic sanctions against Iraq."

Certainly, this goal can be met only if Iraq strictly meets all the corresponding resolutions of the U.N. Security Council, Demurin said.

Russia: Foreign Ministry Spokesman Views Dayton Agreements

LD1308203596 Moscow ITAR-TASS World Service in Russian 1438 GMT 13 Aug 96

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Translated Text] Moscow, 13 Aug (ITAR-TASS) — The Russian Foreign Ministry's position regarding Radovan Karadzic, former leader of the Serb republic in Bosnia, and General Ratko Mladic has not changed and implies that they should undoubtedly be removed from political activities. It is a fact at the moment, Mikhail Demurin, first deputy director of the Russian Foreign Ministry's information and press department, told a briefing today.

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The diplomat believes that further political exacerbation of this or another problem in Yugoslav settlement on the eve of a key stage in implementing the Dayton agreements — general elections in Bosnia and Herzegovina — would be counterproductive and dangerous. "One should look for solutions targeted at the general and main prospect of maintaining peaceful potential and implementing the Dayton agreements provided the agreements are observed in full by all the parties," the Russian Foreign Ministry's official spokesman said.

Russia: First Joint Naval Exercise With Japanese Held

LD1308191396 Moscow NTV in Russian 1500 GMT 13 Aug 96

[Video report from Vladivostok by correspondent Oleg Zhinusov, including recording of remarks by Vladimir Kuroyedov, commander of the Russian Pacific Fleet — from the "Segodnya" newscast]

[FBIS Translated Text] For the first time in the history of Russian-Japanese relations, joint exercises of warships of our two countries have been held. One of the most powerful warships, according to ship classification, the Russian Admiral Panteleyev antisubmarine ship, and the destroyer Kurama of the Japanese self-defense forces which protects the frontiers of the Land of the Rising Sun have carried out exercises in communication and maneuvering.

In the opinion of specialists, the exercises will improve the safety of sea navigation.

[Kuroyedov] A navy man should understand his counterpart at sea and be able to communicate. It is for these purposes that we are holding these exercises. You know, we have enough common tasks which involve, above all, providing assistance to each other at sea and providing assistance to the population in the region.

[Zhinusov] The navy men have managed to find common language quicker than politicians or diplomats who, since the Second World War, still have not signed a peace treaty.

Oleg Zhinusov, specially for NTV from Vladivostok. [Video shows warships at sea, interview with commander of Pacific Fleet]

Russia: Cautious UK Line on Russia Deplored

MM1308130996 Moscow PRAVDA PYAT in Russian 13 Aug 96 p 5

[Report by Pave' Bogomolov: "Are the Priorities Compatible? Whitehall Checks Its 'Post-Election' Course in Relation to Moscow"]

[FBIS Translated Text] London — This report was the first extended statement by the British diplomatic leadership about Moscow since the presidential elections in the Russian Federation. The speech was delivered the other day under the roof of one of the prestigious "think tanks" of political science here — the Royal United Services Institute. The lecture, entitled "Partnership with Russia," was delivered by Sir Nicholas Bonsor, a junior minister at the Foreign Office.

After paying tribute to Boris Yeltsin's reelection, the speaker assessed this event as "an unequivocal mandate to persist with the building of a new Russia." Britain will give the Kremlin some assistance in this direction. The 800-million "know-how" fund for the market restructuring of our long-suffering economy was recently topped up with a further 50 million pounds sterling. In the first half of 1998, when Britain will hold the EU presidency, it intends to include on the agenda the task of going over to free trade, unencumbered by protectionist barriers, between Russia and the EU. It is also planned to accelerate the Russian Federation's admission to the World Trade Organization through British mediation. But also, in general terms, even taken separately from the special support for a very specific Russian Government and its course, bilateral relations are developing very successfully. These relations have a firm mutual basis of equal interest in further rapprochement with each other, a basis that is less dependent on the present "transit situation." This applies not only to active political consultations, but also to the growing trade turnover, which last year increased by 20 percent and totaled 1.8 billion pounds sterling.

Humanitarian and cultural links are also expanding. The British Embassy in Moscow issued a record number of entry visas last year — 86,000. No other country in the world has such a figure.

After conscientiously recording the most important facts from the annals of bilateral relations and outlined their general prospects, Sir Nicholas nonetheless admitted in his report a certain contradiction between the "two key priorities" which he himself had formulated in the British approach to the eastern part of our troubled continent. One of these priorities is "to build a partnership with Russia which, on the one hand, would recognize its unique nature, and on the other, would be based on our

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common interests." Sounds good? Very. But the other priority, to judge from lengthy sections of the lecture, is still to draw the countries of Central and Eastern Europe into Western political and military alliances — from the EU to NATO. But is this objective compatible with the aforementioned consideration for "Russia's unique nature" and our long-term — Eurasian-scale — national interests, to say nothing of regional security?

"Russia occupies a central place in our vision of tomorrow's Europe," N. Bonsor stated.

Well, such an assessment can only be welcomed. But if that assessment is frank, how can the colossal geopolitical significance of a nuclear power which extends from the Barents Sea to the Pacific Ocean be compared with, say, the importance of the future NATO status of Slovenia or the absence of such?! Or, for instance, the importance of Estonia's membership of the EU?! And in any case how can it seriously be claimed that these topics, which are undoubtedly important but nonetheless secondary from the viewpoint of global politics, are priorities as important as the future of Russia, which has for centuries been a balancing pole in international life? After all, we are talking about a permanent member of the UN Security Council without whose decisive contribution to the routing of Nazism the entire world would have been very different today.

...After the report, PRAVDA's correspondent put the following question to N. Bonsor: "Will Britain take account of Russia's legitimate interests as successor to the Soviet Union in the implementation of colossal fuel and energy programs in the Caspian, the Transcaucasus, Kazakhstan, and other oil- and gas-bearing regions?" I will make no secret of the fact that I raised this delicate topic with the best of feelings. In contrast to the more expansionist, even aggressive U.S. onslaught on the natural deposits of the former USSR, the British are acting more tactfully, cautiously, and respectfully toward Moscow's wishes, as was again demonstrated by London's position at the recent international talks on the route for future exports of Caspian oil.

Having confirmed in his answer that it is necessary to continue to avoid damaging Russia's interests in the course of implementation of such projects, the minister promptly took his remarks into a sphere that had not even entered my head at that moment. For some reason he started talking sternly about the desirability of a voluntary approach to the further integration of the CIS states and the impermissibility of any form of pressure — be it military or political — by Moscow on the near abroad. Clearly, even the extension of Yeltsin's term in office has not reassured the West 100 percent, and the topic of "potential imperial revanche" continues to find a response not just in the press, but even in the corridors of power on the Thames. "Unless we succeed," the concluding section of N. Bonsor's report warns gloomily, "the dark cloud of totalitarianism could once again hover over that country."

So there you have it! On the one hand, things are generally going according to plan. But it seems one must not rest on one's laurels: It is necessary to maintain worldwide vigilance with regard to the Eastern giant. To maintain it despite the fact that, unlike Germany or, say, France, Russia has never once attacked Britain in its entire history.

When, one wonders, will these fears on the part of Albion run dry? Let us recall its long-ago vigilance with regard to czarism, which was supposedly threatening the approaches to British India. And then, one recalls, there came the phenomenon of heightened vigilance toward the Bolshevik policy of war communism, which destroyed the market and private ownership. Then all of a sudden there was vigilance toward the new economic policy which permitted those things! Vigilance toward Stalin, but then also toward Khrushchev, who debunked Stalinism. Vigilance under Brezhnev and our last general secretaries, not excluding Gorbachev, with whom, as Thatcher herself put it, "one can do business." And now vigilance under Yeltsin, and moreover even during his second presidency. And there is no sign of any end to this, any limit....

Russia: Tajik Rebel Force Concentrations in Afghanistan Detailed

MM1408110596 Moscow KRASNAYA ZVEZDA in Russian 14 Aug 96 p 3

[Report by Sergey Knyazkov: "Anxious Wait on the Border. Tajik Opposition Gathering Forces on Afghanistan's Territory"]

[FBIS Translated Text] A new stage in the biggest concentration in recent years of the armed formations of the Movement for the Islamic Revival of Tajikistan is evident on Afghanistan's territory near the Tajik-Afghan border facing Gornyy Badakhshan.

The Russian Federal Border Service has reliable information, Colonel General Aleksey Kozhevnikov, deputy director of the Russian Federation Federal Border Service, noted at a recent briefing in Moscow, suggesting that with the support of some Afghan field commanders and some representatives of the local authorities in Afghan Badakhshan, the intransigent Tajik armed opposition on Afghan territory has begun actual preparations for large-scale actions aimed at achieving a breakthrough into Tajikistan's territory on various sections of the border.

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A Russian Federation Federal Border Service statement adopted in this regard points out that the largest groupings of gunmen are concentrated opposite the Russian border detachments' Khorogskiy, Ishkashimskiy, and Kalayi-Khumbskiy sectors. To be specific, there are around 150 gunmen in the Kufabskiy sector, around 500 gunmen in the Kalayi-Khumbskiy sector, and over 400 gunmen in the Tangshevskiy sector. The Movement for the Islamic Revival of Tajikistan's armed formations in the Badakhshan sector number around 2,000 gunmen in total.

Russia: Mandate of Russian Peacekeepers in Georgia Extended

MK1308135196 Moscow NEZAVISIMAYA GAZETA in Russian 13 Aug 96 p 3

[Report by Sergey Mulin: "Russian Peacekeepers' Mandate Extended"]

[FBIS Translated Text] Fifty-eight billion rubles per year is the total cost to the Russian taxpayer for the upkeep of 1,506 servicemen and combat equipment billeted in the area of the border between Georgia and Abkhazia. This figure, heard from Russian Deputy Foreign Minister Boris Pastukhov in the Federation Council on 7 August, impressed journalists in the press center much more than the senators.

The Russian Foreign Ministry's proposal to extend until 31 January 1997 the mandate of the Russian Federation peacekeepers, synchronizing it with the UN Security Council's extension to the same date of the mandates of international observers in the conflict zone, was supported by 127 votes to 12, with 3 abstentions.

Such a consensus in the upper house of parliament was preceded by a positive conclusion by the senate's Security and Defense Committee, aired by its chairman, Aleksandr Ryabov, and purely protocol-related questions from the floor.

The senators were somewhat put off by the word "collective" appearing in the name of the CIS peacekeeping forces that separate the opposing sides. Boris Pastukhov confirmed the Federation Council members' doubts, saying that none of the CIS countries had wanted to contribute representatives to the military contingent along the Georgia-Abkhazia border, although the contingent was at first proposed to have an intergovernmental status.

Russia: Foreign Ministry Spokesman on Border Talks With Ukraine

LD1308190196 Moscow ITAR-TASS World Service in Russian 1358 GMT 13 Aug 96

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Translated Text] Moscow, 13 Aug (ITAR-TASS) — The delimitation of the Russo-Ukrainian border is a long and arduous process and "the main point is not to create hindrances to contacts between the population of our two states." This was the view expressed today at a briefing by Mikhail Demurin, first deputy director of the information and press department of the Foreign Ministry on the eve of the first meeting of the border issues sub-commission of the Mixed Russian-Ukrainian Commission for Cooperation, which is to be held in Moscow on 14 August.

The Russian delegation, he said, will be headed by Boris Pastukhov, the first deputy foreign minister, and the Ukrainian side by Konstantin Grishchenko, Ukraine's deputy foreign minister.

During the meeting, according to the official representative of the Russian Foreign Ministry, the two sides propose to discuss approaches to the problem of delimiting the border, to analyze the implementation of bilateral documents affecting the border issue, and to study the prospects for completing work on the drafts of new agreements in this area. Within the framework of the sub-commission's work, he added, the questions of the status of the Azov Sea and the straits of Kerch will also be discussed.

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Political Issues

Russia: Spokesman Says Yeltsin 'In Good Working Form'

LD1408141196 Moscow ITAR-TASS in English 1333 GMT 14 Aug 96

[By Artem Protasenko]

[FBIS Transcribed Text] MOSCOW, August 14 (Itar-Tass) — During today's meeting with Prime Minister Viktor Chernomyrdin, Russian President Boris Yeltsin approved a new structure of the cabinet of ministers and a number of candidates for the key posts in the government, proposed by the premier, press secretary of the head of state Sergey Yastrzhembskiy told a briefing here today.

He said that during the meeting which was held in the Kremlin and lasted over an hour, the president and the premier discussed a wide range of issues paying special attention to the situation in the Chechen Republic.

In addition, they considered economic problems, including those connected with the harvesting, the execution of the 1996 federal budget and preliminary plans for a budget for the next year.

Sergey Yastrzhembskiy also informed journalists that the president continued to work in the Kremlin and was preparing for his vacations before which he was having a regular medical checkup.

According to the press secretary, the president is in "good working form."

Russia: Yeltsin, Chernomyrdin Discuss Government Formation

LD1408090796 Moscow ITAR-TASS World Service in Russian 0845 GMT 14 Aug 96

[FBIS Translated Text] Moscow, 14 Aug (ITAR-TASS) — Russian President Boris Yeltsin had a meeting in the Kremlin today with Viktor Chernomyrdin, the head of government. Issues relating to the composition of the new government were discussed at the meeting. An ITAR-TASS correspondent learned this from a source in the prime minister's entourage.

Russia: Yeltsin Endorses New Government Structure

LD1408110996 Moscow ITAR-TASS World Service in Russian 1058 GMT 14 Aug 96

[FBIS Translated Text] Moscow, 14 Aug (ITAR-TASS) — Russian President Boris Yeltsin today endorsed the structure of the new government and some of the nominations presented to him by cabinet head Viktor Chernomyrdin. This was reported by the head of state's press service today.

The report did not give the actual names of the government members.

Russia: Cabinet Unconfirmed; Yeltsin Said Feeling 'Indisposed'

MK1408135396 Moscow KOMMERSANT-DAILY in Russian 14 Aug 96 p 1

[Report by Leonid Brodskiy: "The First and So Far the Only One"]

[FBIS Translated Excerpt] It appeared as early as Monday that a new Russian government had virtually been formed and that the process of organizing the executive branch for the second term of Yeltsin's presidency had entered the final phase. It was not so, however, because Russia would not be Russia if appointments to the upper echelons of political power happened so quickly and simply. Yesterday the president was expected to sign edicts appointing deputy premiers, and Viktor Chernomyrdin was expected to make public the composition of the new government at a special press conference. Instead....

Instead of this, the government information administration stated that consultations on the composition of the government were continuing and that its composition would be made public "this week, but at a later date." [passage omitted]

Did this [announcement] shake the certainty that everything had already been determined? Not in the least. It only spawned fresh rumors (or, if you like, revived earlier rumors). Now it is believed that Potanin and Livshits will head the economic segment in the government (Potanin, as first deputy premier, and Livshits, as a deputy premier and finance minister); former first aide to the president Viktor Ilyushin will take charge of the social segment as a first deputy premier. Incidentally, the rumor on the appointment of Ilyushin to this incongruous post, considering his previous specialization, was unofficially denied earlier. Be that as it may, Duma Budget Committee Chairman Mikhail Zadornov commented on the appointments of Potanin and Livshits yesterday as if they were a fait accompli. He stated that he considered as "absolutely right the decision to broaden the powers of finance minister and place in his charge the entire set of financial questions, including hard-currency and export controls and the tax and customs service." Following which Zadornov wished Livshits "not only good luck, but also firmness in upholding his position" as finance minister. Zadornov accounted for his own failure in seeking this post in a rather predictable phrase:

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"I agreed to it on certain terms, which perhaps proved unacceptable."

Naturally, of greatest interest is the answer to the question of why the public announcement of what seemed to have been a done deal on the composition of the new government should have been put off until several days later. Government spokesmen claim unofficially that it was caused by "a lack of clarity with regard to literally one or two candidacies." To key positions, admittedly. They gave a transparent hint that one of the candidates was Viktor Ilyushin. Strangely, informed sources in the White House flatly refuse to either confirm or deny news on the appointment of Livshits to the post of (first) deputy premier, whereas everyone in the presidential staff already thinks the question decided. On the other hand, an informed member of the presidential staff came up with a much more disturbing explanation of why the president did not confirm the list of the government yesterday. In his words, "Boris Yeltsin felt an acute indisposition, in connection with which the planned conversation with the premier on the final composition of the government did not actually take place." KOMMERSANT-DAILY's interlocutor accounted for the appearance yesterday of the edicts on new appointments in the presidential staff by the fact that these decisions were in fact made the day before. Nevertheless, the member of the Kremlin apparatus expressed certainty that the question of the composition of the government is in reality an "empty formality" and the existing questions "can be resolved within 30 minutes." It is precisely for this reason that he thinks that "we will already have fully legitimate management of the economy" in the coming two or three days.

Russia: Chernomyrdin Addresses Conference on Boosting Tax Revenues

LD1308154096 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 13 Aug 96

[From the "Novosti" newscast]

[FBIS Translated Text] The new Russian Cabinet has inherited a long-standing problem confronting any Russian Government: How to boost budget revenues.

In the first six months of this year, tax returns to the Treasury were 24 trillion rubles [R] below target, and in some regions they have amounted to only 50 percent of the targets. This was repeatedly emphasized today by Russian Prime Minister Chernomyrdin in his address at a conference of the State Tax Service. The first part of the conference, however, was not devoted at all to the issue of collecting taxes.

[Correspondent Sergey Suntsov] Viktor Chernomyrdin confined his first public address after his reappointment as prime minister to the tasks facing the government before the end of the year. Chernomyrdin paid particular attention to the issue of meeting budget objectives — he described the situation as strained.

[Begin Chernomyrdin recording] I would formulate the most important task facing us now as follows: We should learn to put the budget into effect. Without this, all successes of antiinflation policy will, in effect, hang in the air. [end recording]

Controlling inflation is certainly a visible success of the government — in August it stayed at one-half percent — but the budget gaps — and a deterioration of tax collecting was given as one of the causes here — will slow down implementation of the foremost economic objectives set for next year: of solving welfare issues and of revitalizing production. In addition to the measures already taken by the government headquarters, tax exemptions and benefits will be reduced and spending decisions not accounted for in the budget will be repealed.

Chernomyrdin also mentioned that duties on the import of ready hard currency might be introduced in Russia in the second half of the year. This measure will first of all affect legal entities, such as commercial banks, but there have been reports in the press about the possible introduction of duties on the export of currency, which would affect everyone going abroad. Chernomyrdin did not say anything about whether this measure was considered. For the first time the tax service escaped severe criticism. The prime minister even thanked them for their work, while also exhorting them to teach and to learn. According to Chernomyrdin, this will require a solid propaganda campaign similar to that of the time of mass privatization. Chernomyrdin contrasted the habitual failure to pay taxes in Russia with the systems in the United States, France, and Germany.

[Begin Chernomyrdin recording] Failure to pay taxes appears to be the most severe crime, and annual contact with a tax inspector appears to be the most important meeting, which a taxpayer treats as a first rendezvous. We have a long way to go to achieve this, but we will make it. [end recording]

The tax service is confronted with the task of boosting tax revenues from R20 trillion in July to R33 trillion in December, otherwise the budget will collapse. In connection with this Chernomyrdin introduced the idea of holding a forum of entrepreneurs on the issues of taxation.

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Russia: Premier Sets Target for Increasing Tax Receipts

MM1408105996 Moscow IZVESTIYA in Russian 14 Aug 96 p 2

[Report by Andrey Rumyantsev: "Taxes: The Premier Sets the Agenda"]

[FBIS Translated Text] At the enlarged collegium of the Russian Federation State Tax Service 13 August, Viktor Chernomyrdin set the target of increasing tax receipts in December this year to 30-32 trillion rubles [R]. In July tax officials collected around R20 trillion.

Work in the regions must be more vigorous. In some regions 50-60 percent of federal taxes are being collected whereas the local tax take sometimes exceeds the target. In regions with similar conditions the amount of tax collected sometimes varies by several orders of magnitude. The tax organs were promised political and legal support from the Russian Government in their work in the federation components. It will be difficult to do without this support because it is necessary to carry out an "inventory" of local taxes, which have multiplied in the past few years. Those which do not meet the legal requirements will be abolished.

Russia: People's Power, Democratic Party Objections to Chernomyrdin Noted

MM1408112596 Moscow PRAVDA PYAT in Russian 14 Aug 96 p 2

[Commentary by Ivan Boltovskiy under the "New-Wave Politicking" rubric: "The Faces and Masks of the State Duma Deputies"]

[FBIS Translated Text] If everyone is an actor in the theater of life, this is especially true of politicians. That is why it is sometimes impossible to distinguish them from politickers. But sooner or later in the play the "moment of truth" arrives when someone makes a particular decision which reveals his "off-stage" character and exposes his true face. For State Duma deputies the moment of truth came with the vote on the nomination of V. Chernomyrdin to the post of prime minister. Almost one-half of the People's Power deputies group categorically rejected the policy of reforms which has been pursued for over three years now under Chernomyrdin's leadership.

Urging their colleagues to vote against extending his term of office, they pointed out among other things that the harm caused to Russia "because of the Chernomyrdin's Government's incompetent policy exceeds the losses suffered during the Great Patriotic War: the halving of industrial production; the destruction of the scientific and technical potential and the elimination of scientific research, which has suffered a fivefold reduction in volume; the reduction of production efficiency and labor productivity by over one-third; the steady rise in official unemployment, which is already around 10 percent of the country's able-bodied population; and the sharp reduction in life expectancy.

"The Chernomyrdin's Government's 'achievements' include the budget crisis, the criminal sell-off of state property for peanuts, the failure of the campaign to combat crime, the shameful attempts to 'pacify' Chechnya, the amoral and futile flirting with terrorists and gangsters, the activation of separatist tendencies in a number of federation components, the disastrous decline in production, the rise in prices, the fall in the ruble exchange rate, the increasing difficulties in the agrarian sector, and the foreign policy failures.

"In view of this the People's Power deputies group believes that a vote to confirm V. Chernomyrdin as head of the Russian Government will strengthen the power of the comprador speculative oligarchy which is profoundly inimical to the interests of the country's development and its people's needs.

"The current practice of confirming the prime minister without his submission to parliament of a program of activity and the list of members of the future government is inherently flawed. For those deputies who attended President B. Yeltsin's inauguration ceremony it must be clear that today we have confirmed not just a premier but the executor of the president's will and the exponent of his allegedly new policy which has been given the people's approval.

"This is why all short-term political considerations must be categorically cast aside. Otherwise the Duma's existence will become completely pointless in the people's eyes."

The statement is signed by S. Baburin, T. Avaliani, V. Grigoryev, N. Zatsepina, V. Zvolinskiy, G. Kostin, I. Zhdakayev, V. Sergiyenko — there are 18 names in all.

The Democratic Party of Russia's National Committee also expressed its view of V. Chernomyrdin's candidacy. In its appeal to State Duma deputies it stressed that in the light of the real results of Chernomyrdin's rule the vote on his confirmation as premier signifies support for the policy of genocide against our own people, betrayal of Russia's national interests, and a vindication of the shelling of parliament and of the war in the Caucasus. Confirmation of the Chernomyrdin-Chubays dictatorship means a "sharp reduction in budget spending on social and state needs and at the same time the appropriation of unpaid taxes by commercial structures; the completion of the share-out of state property among

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the ruling clans; and de-facto alienation of the Russian president from independent decisionmaking which began with A.B. Chubays' usurping of the exclusive right to monitor the issuing of the president's edicts and directives according to directive 413-RP of 3 August 1996; the establishment of television censorship by the illegal transfer of control of the electronic mass media to tame commercial structures; the transfer of the most valuable deposits of natural resources to foreign companies (the relevant document has already been submitted to the Duma by Chernomyrdin); a further increase in the country's foreign and domestic debt; and Russia's increased dependence on foreign capital as guarantor of the preservation of the criminal dictatorship.

"A vote to confirm Chernomyrdin as premier is a vote for the implementation of these plans, which rob Russia of any chance of accelerated independent development and the peoples of Russia of the chance of survival and a decent life."

Russia: Lebed Briefs Press on Chechnya, Talks With Maskhadov

MM1408091196 Moscow ROSSIYSKIYE VESTI in Russian 14 Aug 96 p 1

[Report by Feliks Babitskiy: "Love of Peace Becomes Even Generals"]

[FBIS Translated Text] "I did not know that it was hard to meet with Maskhadov," Aleksandr Lebed, secretary of the Security Council, told journalists on his return from his trip to Chechnya. "I simply went there and met him without any preconditions. Admittedly, a couple of times we were fired upon — once from our own post, the other time, I don't know where from."

This is not the first time that the general has found himself in a hot spot and having to establish, if not peace, then at least a certain lull in the fighting. It seems as though the same thing happened this time as well. At any rate, while he was giving a press conference on Staraya Ploshchad, General Pulikovskiy [commander of federal forces in Chechnya] had on his instructions embarked together with Maskhadov on a disengagement of the opposing forces in Groznyy. But Lebed considers this to be a temporary measure. Any talks, he believes, will only be possible after a cease-fire.

According to Aleksandr Lebed, Aslan Maskhadov turned out to be an entirely sober-minded individual, and by the end of their talks they had virtually no differences on any of the points discussed.

"I explained the situation to him," Aleksandr Ivanovich said, "and he agreed that Russia would in principle not mind about crushing Chechnya. How much more blood would be shed and how much it would cost were another matter. Ultimately, Russia can get by somehow without Chechnya, but Chechnya cannot get by without Russia. He agreed with that too. As for the terms — a status similar to that of Tatarstan would give Groznyy all the rights and opportunities it requires."

Naturally, the journalists concluded from this that the head of the Chechen gunmen had agreed for the republic to join the Russian Federation, and they asked Mr. Lebed to confirm this. But the Security Council secretary avoided giving a direct answer. According to him, "Maskhadov is a military leader, not a politician, and in this instance he was merely voicing his own personal opinion."

At the same time, Aleksandr Lebed told the press that he had drawn up a draft presidential edict transferring the settlement of the Chechnya crisis to the full jurisdiction of the Security Council. The draft also envisages measures to reorganize the Security Council itself to ensure that it carries out its mission more effectively. If the edict is signed, the Security Council secretary will have the right to appoint and fire any military men or civil servants in the area covered by the crisis, to issue directives to all officials responsible for certain avenues of policy relating to the region — up to and including deputy ministers — and to assume, if necessary, leadership of military operations. Indeed, the draft states that A.I. Lebed will assume personal responsibility.

But if Aleksandr Lebed gets the president to sign his draft edict, it will not mean that combat operations are stepped up. If the Security Council secretary's statements are to be believed, he is placing the main emphasis on talks.

Moreover, he is appealing to the experience of the military of the last century, who, as he put it, achieved nothing with bullets, but successfully settled the dispute with the mountain people by diplomatic means. We will forgive him his loose interpretation of history. Ultimately, a love of peace becomes even generals.

At the end of the press conference Aleksandr Ivanovich stressed that the threat to national security comes by no means solely from Chechnya. He laid out facts which show that there is a critical situation at Russia's nuclear power stations, in its submarine fleet, and also as a result of disruption to the timetable for shipping energy resources and consumer goods to the Far North. Thus, all four issues will be on the agenda for the next Security Council session.

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Russia: Draft Decree on Chechen Settlement 'Virtually Ready'

LD1408104096 Moscow ITAR-TASS World Service in Russian 1021 GMT 14 Aug 96

[By ITAR-TASS correspondent Natalya Kosareva]

[FBIS Translated Text] Moscow, 14 Aug (ITAR-TASS) — A draft decree of the president of the Russian Federation on measures to settle the crisis in Chechnya is virtually ready and will today be presented to the head of state for consideration. Sergey Slipchenko, press secretary of the State Commission for a Settlement in Chechnya, said this today in an interview with an ITAR-TASS correspondent.

He said that members of the State Commission for a Settlement in Chechnya, with the participation of Prime Minister Viktor Chernomyrdin; Russian Security Council Secretary Aleksandr Lebed; Defense Minister Igor Rodionov; Internal Affairs Minister Anatoliy Kulikov; and State Commission Executive Secretary Sergey Stepashin, worked on the draft decree in Government House on Tuesday

Aleksandr Lebed will prepare a report to the president on questions of introducing a state of emergency on the territory of Chechnya, the press secretary of the state commission said. He recalled that Aleksandr Lebed, the Russian president's authorized envoy in the Chechen Republic, is presently opposed to the introduction of a state of emergency situation in the republic.

Russia: Chechnya Task Seen as 'Apparatus Trap' for Lebed

MM1308153296 Moscow IZVESTIYA in Russian 14 Aug 96 p 2

["Snap Analysis" article by Stepan Kiselev: "General Learning Apparatus Maneuvers"]

[FBIS Translated Text] At his news conference last Monday [12 August] Aleksandr Lebed demonstrated his ability to unravel the strategic plans of ill-wishers. "I love tasks which involve higher levels of complexity," the general said, meaning not the Chechnya blind alleys but the Kremlin lobbies.

There were times when someone who had incurred the party bosses' displeasure was posted to the countryside before his "resignation at his own request." The CPSU [Communist Party of the Soviet Union] Central Committee secretary for agriculture was almost in death row. Today it looks as if Chechnya is becoming the last step in people's careers. At least Aleksandr Lebed perceived his appointment to the office of the president's plenipotentiary representative to Chechnya as an "element of an apparatus game."

Aleksandr Lebed conducted his entire news conference in the style that is unique to him — blunt to the extreme. During his 20-minute introductory speech the general managed, according to my calculations, to insult five or six high-ranking functionaries, adding with each new sentence fresh recruits to the army of his ill-wishers. First, Lebed "ran all over" his predecessor Oleg Lobov, who has left behind a legacy of total collapse in this matter, as well as Lobov's deputy who is resting in Cyprus. The Security Council secretary then stepped on the prime minister's toes, declaring that the state commission for settlement of the Chechen conflict, which is headed by Viktor Chernomyrdin, "has failed to cope with its task," and then put the interior minister and the entire State Duma in their place by declaring that "there is no reason to introduce a state of emergency in Chechnya, and there are no means to do so."

All in all, scathing, witty, and inaccurate as always. Actually, Lebed demonstrated something new at his last news conference: By appearing in public only after his meeting with the president, the Security Council secretary attached special weight to his words. Moreover, Lebed showed the journalist a draft presidential edict "On Measures for Settling the Crisis in the Chechen Republic" which, according to him, contains a system (mechanism) for ending the conflict.

Aleksandr Lebed went on to speak about his powers envisaged in the draft edict, and any attentive expert realized clearly that the general has started a game of anticipation with his invisible ill- wishers in the apparatus. The Security Council secretary let it be understood that he cannot be a fully responsible representative of the president in Chechnya with only the secretary's powers which were earlier vested in him: "To coordinate," "to prepare the question," "to organize" — these are not the verbs of power. Therefore, the draft edict envisages new powers for Lebed: Adoption of decisions and promulgation of directives which would be mandatory for organs of executive power, as well as the monitoring of their implementation with all ensuing organizational consequences. In addition, cadre questions, operational control of forces in Chechnya (through the General Staff), and the monitoring of budget funds expenditure. Quite a lot.

Thus, the "apparatus trap" could prove to be the very test from which Aleksandr Lebed might emerge in a position that is quite different from what his ill-wishers expect. The lightning visit to Chechnya and the meeting with Aslan Maskhadov demonstrate that the general has picked up the hot potato and has no intention of

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either dropping it or passing it on to someone else. The only question is whether the president will approve the powers requested by the general. Asked by journalists whether Boris Yeltsin had approved the draft edict prepared by Lebed, the general replied brusquely: "Of course." Was he somewhat hasty?

...As for the fate of Central Committee secretaries for agriculture, there was one who did not burn out but actually became president. You know who he is.

Russia: Paper Rebuts Lebed Charges of Press Mishandling of Chechnya

MM1308151096 Moscow ROSSIYSKAYA GAZETA in Russian 14 Aug 96 p 1

[Article by Sergey Ptichkin: "More Grist to the Mill?"]

[FBIS Translated Excerpt] The press conference by the Russian Federation Security Council secretary was preplanned and was supposed to be devoted to the problems of the Russian North. However, as it turned out, a large part of the meeting with journalists concerned Lebed's new post [as presidential representative in Chechnya] and the results of his flight to the zone of hostilities. Aleksandr Ivanovich said nothing fundamentally new in terms of his vision of the process of a peaceful settlement of the bloody conflict, but only repeated in new forms of words what everyone already knows. [passage omitted]

The charge against the Russian press was only natural. By now we should be used to its being to blame for everything. So now it has supposedly covered the events in Chechnya less skillfully than...the "separatists," or "heroes" — you can't tell what to call them now. After giving "top marks" to [Chechen press minister] Movladi Udugov, Aleksandr Lebed unleashed his wrath on the power ministries' press services. But is he being fair? And anyway, who is supposed to brief these press services? Who gives the go-ahead for their words on behalf of the state? The very top bosses. Including the Security Council secretary. So no wonder the journalists present at the press conference, who constantly find themselves in conflict with these same press services, stood up for their colleagues.

But all these "trivia" can of course be tolerated, if the "Lebed plan" produces results, if our compatriots' blood really does stop being spilled in Chechnya. In the near future, Aleksandr Ivanovich said, a Russian Federation presidential edict will be published, drafted by the Security Council secretary and plenipotentiary representative of the president in Chechnya, in which everything is stated with the utmost clarity, so that all that remains to be done is to fulfill it.

Russia: Minister, Yeltsin Aide Oppose State of Emergency in Chechnya

LD1308142996 Moscow Russian Television Network in Russian 1300 GMT 13 Aug 96

[From the "Vesti" newscast]

[FBIS Translated Text] On the instructions of the State Duma the government is considering the question of introducing a state of emergency in Chechnya. Sources close to the prime minister have made it known to our program that [Prime Minister] Viktor Chernomyrdin is opposed to such a step. Security Council Secretary Aleksandr Lebed is also against it. There are also others who do not agree.

In Moscow today our correspondent found out the opinions on this question of acting Justice Minister Valentin Kovalev and member of the Presidential Council Emil Pain.

[Correspondent V. Ukhorskaya] The first of those who disagreed was Valentin Kovalev. He did not conceal his opinion, but still it was he who was instructed to prepare the legal basis for introducing a state of emergency, if such a decision should be taken. Kovalev prepared this document but he has not changed his point of view.

[Begin Kovalev recording] The introduction of a state of emergency will result in, above all, negative political consequences. Not only the Russian public but the international community would immediately interpret such a step, such a move, as a continuing escalation of the crisis. There are also negative legal consequences. On the basis of the old, that is the existing legislation — I stress, the old legislation — the participation of the armed forces and the Defense Ministry in maintaining a state of emergency is ruled out.

[Begin Pain recording] On this point I would be in favor of a state of emergency. A reduction in the army's role in the Chechnya conflict is vitally necessary. Transferring responsibility into the hands of one department, say the Ministry of Internal Affairs, is a hundred times better than giving indefinite responsibility to several departments. A state of emergency is de jure, it is a form of mitigation and some form of regulation. [end recording]

However, the opponents are, in general, agreed that there must, above all, be talks. No actions should be taken which could undermine them. But if Kovalev is convinced that the introduction of a state of emergency will halt the talks process, Pain believes that the representatives of the armed Chechen resistance could find aspects convenient to them in a state of emergency situation:

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[Begin Pain recording] Only if this were the case would the person about whom we have been talking — [Security Council Secretary Aleksandr] Lebed — would have the best chance of running things and the current Chechen government would have fewer such administrative possibilities. [video shows Kovalev and Pain being interviewed; exterior of justice ministry building]

Russia: Yastrzhembskiy, Medvedev Address News Conference

LD1308170596 Moscow NTV in Russian 1500 GMT 13 Aug 96

[From the "Segodnya" newscast]

[FBIS Translated Excerpt] Boris Yeltsin signed a decree today by which he released Sergey Medvedev from his post and, as was expected, appointed former Russian ambassador to Slovakia Sergey Yastrzhembskiy as his presidential secretary. [passage omitted]

Sergey Yastrzhembskiy gave his first news conference in his new capacity together with Sergey Medvedev:

[Begin recording] [Medvedev, addressing journalists] Now all of you, my fellow journalists, can witness a rather rare occasion in the Kremlin: one press secretary is handing over affairs to his successor in a civilized way.

[Yastrzhembskiy, addressing journalists] To a certain degree, this can be regarded as a return, but on a different curve of the spiral, to the job to which I was attached. I was really fond of it when I was doing this job at the Ministry of Foreign Affairs. [end recording]

Yastrzhembskiy said he would do everything he could to preserve and, if possible, to improve the traditional relationship with the media, which foundation was laid by his predecessor.

In his turn, Medvedev announced that the president had thanked him for his work at the post of press secretary and wished him success. At the same time Sergey Medvedev assured journalists that his departure has nothing to do with the reshuffles in the administration of the head of state.

[Begin Medvedev recording] I would not link these things. It would be wrong if someone would draw up these conclusions. After the elections I had a conversation with the president during which I asked Boris Nikolayevich [Yeltsin] to allow me to leave this job in the Kremlin for a more lively job which I was doing before I worked on television. [end recording]

[Correspondent] Sergey Medvedev said that in his new job he would be first deputy to the general director of Russian Public Television where he would try to provide assistance to the president, using the experience he acquired in the Kremlin. According to information from the management of the Russian Public Television, the former press secretary to the head of state most likely will be involved not in the administrative but in creative work and will go back to work live on air.

Russia: Biography of New Yeltsin Press Secretary Detailed

MM1408110996 Moscow ROSSIYSKIYE VESTI in Russian 14 Aug 96 p 1

[Unattributed report: "Sergey Yastrzhembskiy Becomes Boris Yeltsin's Press Secretary"]

[FBIS Translated Text] Boris Yeltsin yesterday appointed Sergey Yastrzhembskiy as his press secretary. This was announced at a briefing by Sergey Medvedev, who was relieved of this position by the same edict.

The same day Boris Yeltsin signed a directive thanking Sergey Medvedev for organizing fruitful cooperation between the head of state and his Staff with the mass media. Sergey Medvedev said that he plans to work in a leading position at Russian Public Television.

Our Note: Sergey Yastrzhembskiy was born in Moscow 4 December 1953. He graduated from the USSR Foreign Ministry's Moscow State Institute of International Relations in 1976. He holds the rank of ambassador extraordinary and plenipotentiary and is a candidate of historical sciences.

Between 1976 and 1979 he was a postgraduate at the USSR Academy of Sciences Institute of the International Workers Movement.

Between 1979 and 1981 he was a junior scientific associate at the Academy of Social Sciences.

Between 1981 and 1989 he was senior consultant, consultant editor, and deputy senior secretary at the journal PROBLEMY MIRA I SOTSIALIZMA.

Between 1989 and 1990 he was senior consultant at the CPSU Central Committee International Department.

Between 1990 and 1991 he was deputy chief editor of the magazine MEGAPOLIS, Moscow.

Between 1991 and 1992 he was chief editor of the magazine VIP and deputy general director of the Sociopolitical Research Foundation.

Between 1992 and 1993 he was director of the Russian Foreign Ministry Information and Press Department.

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Since 1993 he has been Russian Federation ambassador extraordinary and plenipotentiary to the Slovak Republic.

He is married with two children.

Russia: Political Consultative Council Meets; New Members Named

MM1408094396 Moscow ROSSIYSKIYE VESTI in Russian 13 Aug 96 p 2

[Unattributed report: "Is a Referendum Needed?"]

[FBIS Translated Text] Is a referendum needed? The Political Consultative Council [PCC] under the president is trying to answer this question.

A scheduled session of the PCC under the Russian Federation president was held in Moscow the other day. Among new members of the PCC are Galina Starovoytova, cochairman of Democratic Russia; Mikhail Shmakov, chairman of the Federation of Independent Trade Unions of Russia; Yuriy Chernichenko, chairman of the Peasant Party of Russia; Viktor Sadovnichiy, president of the Russian Union of Rectors and rector of Moscow State University; Vsevolod Bogdanov, chairman of the Russian Union of Journalists; and others.

Reports were given by the heads of the PCC chambers on their program of work for 1996-1997 relating to anticrisis measures in the economy, and also on the codification of Russian Federation legislation. Valeriy Borshchev, a State Duma deputy and chairman of the human rights chamber, and Boris Zolotukhin (Russia's Democratic Choice), a well-known champion of human rights and chairman of the legal chamber, presented reports on progress made in carrying out the Russian president's instruction to study the initiative of a group of citizens led by Yuriy Skokov: To hold a nationwide referendum in Russia. During a meeting with the referendum initiators, it was proposed that they submit the finished amendments to the Constitution on the responsibility of the various branches of power for honoring the state's social commitments. The referendum initiators intend to submit this material in the second half of August.

Special note was made of the need for the Duma to adopt the federal constitutional laws "On the Government of the Russian Federation," "On the Constitutional Assembly," "On the Legal System of the Russian Federation," "On the State of Emergency," and others; the stalling of the conciliation procedure between the Duma and the Federation Council with regard to the law "On a Human Rights Representative" was also noted.

Sergey Belyayev (leader of the Russia Is Our Home faction), chairman of the economic chamber, used his speech to note the need to systematize the country's economic legislation: Draw up a list of laws on the reform of ownership relations and economic relations, particularly in the agrarian sector, and on small businesses; finalize the Tax Code; and reform the tax system. Further transformation of the economy is unlikely without these documents. Aleksandr Kotenkov (Party of Russian Unity and Accord), chairman of the chamber for local self-government, noted that the government has drawn up a draft law on the municipal police force, which will be published in the near future. The reform of local self-government must begin in cities under federal jurisdiction, as a model example for other regions.

Work in the PCC chambers on presidential instructions and programs will continue in August and September. The next PCC session is expected to take place at the end of September 1996.

Russia: New Government To Have Four First Deputy Premiers

LD1408081696 Moscow INTERFAX in English 0712 GMT 14 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — Russia's new government will have four deputy prime ministers, sources in the Russian State Duma close to the government told Interfax.

The posts will be offered to Uneximbank President Vladimir Potanin, the president's senior aide Viktor Ilyushin and acting first deputy prime ministers Oleg Lobov and Vladimir Kadannikov, they said.

Potanin will be in charge of economic issues and Ilyushin the social sector, while Kadannikov and Lobov will take up industrial issues.

Presidential economic adviser Aleksandr Livshits is likely to become deputy prime minister and finance minister. Acting Economics Minister Yevgeniy Yasin is expected to retain his post.

Deputy Prime Minister Aleksandr Zaveryukha will be in charge of agrarian policies and Aleksey Bolshakov will take up relations with CIS countries.

The parliamentary sources assert that all of the security and law enforcement ministers, Foreign Minister Yevgeniy Primakov and most of the leaders of the key industrial branch ministries are likely to retain their posts.

At the same time, the departments in charge of science, education and social welfare are likely to be restructured with accompanying personnel changes.

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The probability of Potanin's, Ilyushin's, Lobov's and Livshits's appointment to the said new posts is very high, the sources said. They noted, however, that personnel issues are the prerogative of the president and it would be premature to talk about even the most probable appointments prior to the emergence of corresponding presidential decrees.

They said the main personnel-related decisions on the new government are likely to be announced within a couple of days.

Russia: First Deputy Premier Candidates Reviewed

MK1408104396 Moscow SEGODNYA in Russian 13 Aug 96 p 2

[Article by Dmitriy Volkov: "Future of Finance Ministry Being Decided Today"]

[FBIS Translated Text] Citing Kremlin sources, news agencies reported yesterday that Aleksandr Livshits, who successfully fulfilled the functions of presidential economic aide, is not simply being appointed as first deputy premier of the government in charge of state finance, but he will directly perform the duties of finance minister. Such a personnel decision is attributed to a policy aimed at widening the functions of this department and turning it into a center for the strategic planning and elaboration of long-term decisions in the area of finance and credit policy. Aleksandr Livshits, whose reputation took shape during his work with erstwhile first deputy premier Anatoliy Chubays — when the two joined hands to ram through presidential edicts aimed against Russian lobbies — later made a good showing as an efficient politician who painstakingly and, more importantly, publicly fought against the nonpayment of wages by regional administrations to [state] budget-funded organizations. In the course of that time Mr. Livshits earned a reputation as a sincere advocate of reforms who is able to, and who likes to, explain their contents in plain language that is understood both by citizens and the political leadership.

Unlike Mr. Livshits, Mr. Potanin, who is most likely to be appointed first deputy premier for the economy, has never been cast in the role of public politician. Without a doubt, the young and energetic head of ONEKSIMbank — one of the most successfully functioning banks in Russia — already commands considerable prestige. Furthermore, Mr. Potanin is also well-known for the what could have been considered shocking but nevertheless able and, what is more important, successful actions regarding the exploration by financial capital of Russia's industry (despite the fact that many observers note that these actions have benefited capital more than industry).

The shifting of Mr. Kadannikov into the area that traditionally has influential protectors inside the government leadership — toward the fuel and energy complex and the other export-oriented sector — would hardly increase his influence, while it would make it easier for him to perform the duties of his office.

Oleg Lobov, whose level of competence is now even more inscrutable than before, will apparently stay in the position of first deputy premier and, now that he is no longer even in charge of the Chechen settlement, will perform more purely apparatus-related work, representative functions, as well as analytical reports to the president. At any rate, SEGODNYA has no information on the possibility of him losing his current status.

There is no confirmation of the rumored replacement of the heads of the agrarian bloc — Aleksandr Zaveryukha appears to be increasingly suitable to the current authorities and the enactment of actual reform in the field of agriculture is not quite in the cards. As for the other ordinary deputy premiers, most are expected to stay on because they act quite within in the pecking order that has taken shape in the government.

It remains totally unclear whether the government intends to put to use the professional potential of the specialists who earlier belonged to the parties that nominated Boris Yeltsin's rivals in the battle for the presidency. To be more accurate, it is more or less clear that the government will not see clear to use the services of Communist Party economists — thank God. It seems, however, that rather competent specialists in the economic area, such as, for example, Mikhail Zadornov — a rather convincing candidate to become finance minister — will remain in the role of parliamentary partners of the cabinet, instead of shaping the policy of these departments and avoiding the mistakes regularly made by their current heads.

Russia: Official Interviewed on Capital Flight Problems

MM1408111396 Moscow ROSSIYSKAYA GAZETA in Russian 10 Aug 96 pp 9 to 11

[Interview with Oleg Pavlov, leader of Russia's Federal Service for Currency and Export Control, by Aleksey Viktorov; place and date not given: "Oleg Pavlov: There Can Be No Amnesty for 'Dirty' Money!"]

[FBIS Translated Text] The package of documents submitted to the government by Russia's Federal Service for Currency and Export Control [VEK] promises to prevent the outflow of more than $0.5 billion abroad. VEK leader Oleg Pavlov describes the mechanism which should be legislatively backed up.

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[Viktorov] Many politicians in Russia are constantly harping on about the nonrepatriation of huge foreign currency amounts to Russia. What is your attitude toward the idea of a financial amnesty? Could this problem be resolved by coercion?

[Pavlov] By coercion alone? Of course not. Look at what is happening with Chara Bank. The money was not repatriated. Why? Simply because we have not passed a law on liability for the laundering of criminal earnings, and it is difficult to "extract" foreign currency without a legal base. Interpol may help in some way, but it is hardly likely to. As far as I know there is an almost isolated single case when "dirty" money was successfully repatriated. It was accomplished by the Americans in Switzerland. As it happens, money earned by criminal means gets buried very deep.

Our position here is firm: There can be no amnesty for "dirty" money. Russia will never go down this path, which contradicts the norms of international law. Some time ago VEK experts elaborated a variant version of the draft law, whereby residents were not deprived of money deposited abroad provided it had been deemed to be "clean." Now we have abandoned this version. Nobody is likely to admit being a criminal in order to benefit from an amnesty.

The universally known investments mechanism, based on tax concessions, is available for the repatriation to Russia of capital that has fled abroad. Please, enterprising gentlemen, come to Russia, invest your capital in its economy, and earn profits. But we must not offer facilities for the laundering of "dirty" money. Methods that might be suitable for "third" countries are not suitable for Russia. We will never be "third."

[Viktorov] VEK, which was created in 1993 as an organ to coordinate the implementation of foreign currency legislation, for some reason still lacks a proper legislative backup to exercise its powers.

[Pavlov] The draft law "On Organs of the Federal Service for Currency and Export Control in the Russian Federation" was agreed by all interested ministries and departments and was submitted to the government. Unfortunately, however, it ended up at the bottom of the piles of bureaucratic paperwork on the clearly artificial pretext that it breached the principle of the separation of powers and has not been submitted to the Federal Assembly to this day.

We need really badly a new version of the Law "On Foreign Currency Regulation and Foreign Currency Control," since practice has shown that the law which has been in force since October 1992 contains substantial holes and creates obstacles for VEK's activities.

A special role is being assigned to the Federal Law "On Liability for the Legalization (Laundering) of Criminal Earnings." It is also in abeyance. Despite the efforts being made for our country to join the international conventions on these matters (the 1957 convention on the extradition of criminals, the 1990 Strasbourg convention, the 1972 protocol on amendments to the 1961 convention of drugs), we are still marking time. Even though Russia has joined the Council of Europe, without the aforementioned law it cannot join the international financial action task force (FATF) [precise expansion unknown]. Yet membership of this organization confers the right to conclude international treaties on mutual assistance in the struggle against legalization of criminal earnings, and to rely on the possibility of repatriating part of any money and other valuables confiscated in another country.

[Viktorov] What, in your view, is the most important factor determining the effectiveness of foreign currency control?

[Pavlov] Without any question, its effectiveness depends entirely and completely on a clear-cut base of foreign currency regulations. At present the functions of foreign currency regulation are concentrated with, and in actual fact are legislatively monopolized by, the Bank of Russia. The VEK's entire activity is directly dependent on the Central Bank, since it is based on normative documents prepared there. The authorized banks which must actively cooperate with controlling organizations like the VEK do not perform their functions as foreign currency control agents, since they are frequently a key link in the chain which promotes the nonrepatriation of foreign currency. At present there are 2,250 banks operating in the Russian Federation, and if their branches are taken into account the number goes up to 7,500. This hypertrophied number of banks goes beyond all reasonable bounds and creates new channels for the drain of foreign currency abroad! We have at our disposal numerous reports of cases when banks have sold to residents foreign currency in amounts exceeding $1 million. There is also a scandalous case when a commercial bank sold to a physical person $40 million within just one month.

And yet one of the Central Bank's specific functions is to put an end to such breaches. But what is actually happening? Instead of blocking the channels for the outflow of foreign currency, the banks authorized by the Central Bank of Russia are operating according to the "reverse" principle — since mid-1995 (according to unofficial instructions from their leaderships) they have ceased supplying information on the ways and amounts in which foreign currency is bought up by physical persons. This question was raised at a conference in

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the government, and I cited specific figures proving the outflow of capital abroad.

[Viktorov] Could you be more specific?

[Pavlov] Estimates of the amount of nonrepatriated capital just from export-import operations in 1995 reached $8.5-10 billion, including $3.5-4 billion from exports and $5-6 billion from imports.

According to expert data from Interpol's General Secretariat, capital amounting to about $100 billion has been taken out of Russia in the last few years. This money is concentrated mainly in European countries — Germany, Britain, Austria, Belgium, the Netherlands, Switzerland, Italy, and Cyprus.

Not all this money is criminal, however. About 30 percent of all funds was illegally exported from Russia.

I would like to draw your attention to the fact that the VEK, jointly with other departments, has prepared and submitted to the government three draft presidential edicts envisaging a series of measures to prevent the drain of capital from Russia and to enhance the effectiveness of foreign currency control. The proposed measures include stricter liability of authorized banks for the transfer advance payments for import operations, curbs on the amount of foreign currency that can be exported by physical persons in cash, imposition of control over the movement of foreign currency and ruble funds from accounts of economically active entities while their compliance with the norms of foreign currency legislation is verified, introduction of liability and sanctions for exporters breaching the schedules for current foreign currency operations, and others.

[Viktorov] What are the typical breaches of foreign currency legislation?

[Pavlov] In the first place, they are breaches involving foreign currency operations bypassing the authorized banks (settlements between residents and nonresidents, purchase and sale of foreign currency). They account of 25 percent of the total.

Breaches involving performance of foreign currency operations without a Bank of Russia license (the granting of loans to residents, sale of goods and services by citizens, investments in the incorporation capital of enterprises and organization on the territory of the Russian Federation and abroad, and so on) account for 21 percent of the total.

Breaches involving the receipt and granting of financial loans for a term in excess of 180 days or the deferment of export and import payments account for a further 18 percent.

And finally, we have breaches caused by the lack of full and objective records and accounts for foreign currency operations. It is these that constitute the largest proportion of all breaches — 31 percent.

[Viktorov] What additional measures are proposed by your committee to tighten liability for breaches of foreign currency legislation?

[Pavlov] At present the VEK has submitted specific proposals for s series of draft edicts by the Russian Federation president, providing for joint and several liability by banks for the nonrepatriation of payments, curbs on one-shot exports of foreign currency in cash, and the granting to our service of the right to halt the movement of funds belonging to organizations in breach of foreign currency legislation for the purpose of obtaining payment of fines and remitting such payments to the federal budget. This will make it possible to take to task fly-by-night firms which evade tax payments and split their funds among numerous bank accounts.

Another important step would be the adoption of the presidential edict on export control, a draft of which has been submitted to the government. Without this edict we do not have the right to take any violators to task for nonrepatriation of foreign currency earnings. Now it looks as if things will get moving. At long last (literally at the end of July!) we succeeded in launching a mechanism for independent expert appraisal of the quantity, quality, and price of exported goods (government decree No. 1267), which provides for a machinery to block the outflow of foreign currency as a result of the export of the most currency-intensive commodities. It is now in operation and we expect that in the very near future we will be able to ensure a 12-15-percent reduction in the drain of foreign currency. Let me remind you that the drain of capital through exports last year was estimated at $3.5-4 billion.

The earliest possible adoption of legislative and normative acts will enable Russia to really enter the civilized legal area. Speaking about specific results, I can tell you this: Fines amounting to about 400 rubles have been imposed during the first half of 1996 alone. The mechanism for repatriation of capital from import operations came into force 1 July. By now we have a specific figure for nonarrival of goods or nonrepayment of advance payments (in excess of 180 days) in Russia. The VEK is already in the process of implementing this mechanism.

Just like the other departments whose duties include collection of budget revenues, we are not without problems. It is not always possible to ensure 100-percent recoupment of charged sums. "Our" clients at times manage to very quickly clean up their accounts in Russia. What this indicates, however, is not some

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kin. of carelessness by VEK staffers, but the fact that the mechanism for attachment of funds in payment of fines imposed by us needs some additional work done on it. Whereas we have already started from 1 August imposing fines on imports in line with the president's edict, we still have no legal base as regards nonrepatriation of funds associated with export deals.

Military Issues

Russia: 'Friction' Seen Between Lebed, Rodionov Over Firings

LD1308161696 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 13 Aug 96

[FBIS Translated Text] Friction has arisen between Aleksandr Lebed, Secretary of the Security Council, and Defense Minister Igor Rodionov, reports the AIF Novosti agency. According to its information, Lebed proposed that Rodionov fire a number of officials of the military department whose names took up three pages. The minister, however, refused to carry out the purge.

Russia: Defense, Interior Ministries Deny Reported Troop Problems

LD1408090196 Moscow ITAR-TASS World Service in Russian 0818 GMT 14 Aug 96

[FBIS Translated Text] Moscow, 14 Aug (ITAR-TASS) — The information and public relations directorate of the Russian Interior Ministry and the information directorate of the Russian Defense Ministry have issued a joint statement denying certain press reports about confrontation between soldiers of the Armed Forces and servicemen of the Internal Troops and staff of the Russian Ministry of Internal Affairs.

The document received by ITAR-TASS today reads:

"In recent days, some of the mass media have attempted to set against one another two power-wielding structures — the Defense Ministry and Interior Ministry of the Russian Federation. Suggestions have been made in reports on the hostilities in Chechnya that there is confrontation between soldiers of the Russian Armed Forces and servicemen of the troops and staff of the Russian Interior Ministry.

These fabrications are completely without foundation. Russian soldiers, officers, and generals, no matter which department's uniform they might wear, are tackling a single state task — to ensure security, legality, and the rights and freedoms of citizens and to fight crime and disarm all illegal armed formations.

Operating shoulder to shoulder in unbelievably difficult conditions against a cunning and well-prepared enemy, soldiers of the Defense and Interior Ministries of the Russian Federation are doing their utmost to ensure that they successfully tackle the tasks facing them.

Information and Public Relations Directorate of the Interior Ministry of the Russian Federation

Information Directorate of the Defense Ministry of the Russian Federation

Russia: Gromov Leaves for Novorossiysk To Help Black Sea Fleet

MM1408111096 Moscow KRASNAYA ZVEZDA in Russian 14 Aug 96 p 1

[Report by Andrey Gavrilenko: "Russian Naval Commander in Chief Leaves for Novorossiysk"]

[FBIS Translated Text] Admiral of the Fleet Feliks Gromov, commander in chief of the Russian Navy, plans to give practical help to Black Sea Fleet seamen in the provision of facilities for the forces of the Novorossiysk naval region. This, according to the Russian Navy Press center, is why he has flown out to Novorossiysk.

The Novorossiysk naval region is now assuming special status as the Black Sea Fleet's main rear support base. In the past year intensive efforts have been made here to provide facilities for the fleet's forces including the development of an infrastructure and the expansion of moorage space.

Russia: Stealth Aircraft 'Absolutely No Problem' for New Radar

MM1308141596 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 11 Aug 96

[From the "I Serve Russia" program: Video report featuring advanced solid-state radar; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[FBIS Translated Excerpt] [081051] [Video shows revolving ground radar over music]

[081059] [Major General Sergey Kolganov, identified by caption, to camera and over revolving ground radar and radar screens] A theoretical debate is under way as to whether radars are weapons or hardware. The term "radar weapons" sometimes crops up and disappears again, to be replaced by "radar equipment."

[081118-081145 — passage omitted — Anatoliy Tanygin, identified only as "director of scientific research institute", illustrates importance of radar on the example of Desert Storm operation]

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[081146-081250 — passage omitted — describes beginnings of radar during World War II over wartime footage; Georgiy Gichko, identified only as "head of a scientific research institute department," recalls the early days when operators had to sit in a revolving chamber from which they emerged after a maximum of two hours feeling seasick]

[081251] [Unidentified correspondent over radar screens, revolving radar, documents, trucks] Nowadays, operators equiped with supermodern electronic computer equipment no longer have to sit in revolving radar posts. However, the man who signed this warrant, the warrant for the establishment of special-purpose [design] bureaus [video shows document], would probably feel seasick himself on learning that decades later defense institute scientists are actively seeking access to the external market, offering for sale this unique solid-state radar with so-called "smart skin" [unikalnaya tverdo-telaya RLS s tak nazyvayemoy dumayushchey kozhey]. But the Russian Ministry of Defense has no money to purchase it and has therefore authorized the institute to sell the radar abroad so that it can survive and, more importantly, earn money for the development of the radars of the future. Without them the defense of the country can no longer be guaranteed. Russia's geopolitical situation has drastically changed. The flight time of modern hypersonic missiles with MIRVed nuclear warheads is becoming critical for Russia.

It is no accident that, when hostilities break out, radars become first-strike targets. This was the case in Vietnam, for example. At the time the Americans wrote about our radars: "We are cracking these dishes like wallnuts." However, their glee was short-lived.

[Georgiy Gichko, identified by caption earlier] Our group, which was some 40 strong, was ordered to draw up recommendations for destroying variable-wing-geometry aircraft. The group of engineers drew up a list of characteristics by which these aircraft could be detected. Following this, the Americans did not test this aircraft for some 10 to 15 years.

[Unidentified correspondent over video of stealth aircraft outside hangar, missile being fired, three aging men in a lab, a patent document] In contradiction to widespread opinion as regards U.S. stealth aircraft, we were told categorically at the institute that the detection of stealth aircraft constitutes absolutely no problem for this radar. It is capable of detecting even a low-flying large bird over a distance of several hundred kilometers. Unfortunately, in recent years many Russian scientists, including defense sector scientists, have left their homeland in search of a better life. However, despite everything, our science continues to astound. [081504] [video shows advanced ground radar, Kolganov, Tanygin, Gichko interviews, wartime footage, modern radar installations, stealth aircraft, missile being fired]

Russia: Developments in Arms Trade With India Viewed

MM1308153396 Moscow KRASNAYA ZVEZDA in Russian 13 Aug 96 p 3

[Report by Vadim Markushin: "Wide Corridor to a Warm Ocean"]

[FBIS Translated Text] You should clean your shoes at home, of course. And meet people wearing clean shoes and with respectable intentions. "Respectability" is a tricky and very broad concept. One of the criteria for it in interstate relations is probably the absence of any tendency toward inflammatory schemes, implementing the long-cherished principle of divide and rule. Russia has never waged any predatory wars, never divided up any spheres of influence, and never created any military-political blocs in southern Asia. Even today it remains a fundamental opponent of bloc politics. Although, of course, it cannot remain indifferent to the complex processes developing off its southern borders.

In terms of the big picture, arms exports cannot be considered a good thing. That much is clear. But the world today works in such a way that the arms trade is an objective reality. That is, as philosophers would say, it exists independently of whether we like it or not. Boycotting this phenomenon or leaving the trading ranks of the gigantic world arms market would merely produce a sigh of relief from our competitors. Indeed, Russia, having inherited the Soviet military-industrial complex, has already learned an object lesson — the sharp reduction in its input to the world military market was instantly "taken up" by the Americans, the West Europeans, the Israelis, and other people working in this area.

Moscow suffered some major losses, of course. But our defense sector reckons that things can be put right. Not least because some well-known Russian traditions of dealing in arms and combat hardware became established in previous decades. And traditions tend not to change. Among the Russian defense sector's old customers there is still a certainty about the high quality of our weapons, the ease of use of our combat hardware, its reliability, simplicity, and low prices. Nor is there any getting away from the fact that previously acquired equipment needs spare parts, and military cadres who trained in our country need advice and instructions from Russian specialists.

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As for southern Asia, India above all remains Russia's traditional and steadfast partner in the sphere of military- technical cooperation. We have already reported how, with the collapse of the USSR, there was a five-fold slump in trade turnover between the two countries. We have started making up for lost time, but things are not easy. Under the new conditions we have encountered the problem of the structural accumulation of our exports. After all, as is well known, in the old days the lion's share of Soviet shipments to India took the form of oil. It was sourced from Iraq — as repayment for its debts to the Union. The international sanctions on the sale of Iraqi oil have blocked off that convenient stream for us. There have been other problems as well. For instance, the clear inadequacy of accurate information on each other's abilities, and state structures' obvious sluggishness when it comes to reacting to conditions on world and regional markets and supporting our exporters.

The restoration of intensive bilateral military-technical ties can so far be judged solely from the authoritative statements by the two countries' leaders, and from the good results of certain recent international arms fairs, where the Russian defense sector has put on a pretty good show. But even that is a gratifying indication. Since, bearing in mind the important place held by military products in the overall structure of the world market, we can talk not only about the potential growth of dividends from selling specific consignments of arms, but of much more besides. Primarily, the fact that military technology is today likely to act as a trailblazer, a vanguard in capturing highly valuable "bridgeheads" which could subsequently be used for broader trade expansion.

Incidentally, clients — not just India, but other Asian countries as well — have no objection to this kind of expansion. Moreover, once they have familiarized themselves with the potential of Russian science and technology, they themselves ask for the consignments of airplanes, tanks, and submarines to be supplemented by modern information, laser, computer, and space technology. That is, by "capturing a bridgehead" in the customer's market, the defense sector also provides opportunities for the country's "civilian" industry.

But that is in the future. Today we are talking about the practical implementation of the fundamental agreement reached at intergovernmental level in 1994, which envisages Russo-Indian cooperation in many areas. These include arms shipments, joint research, the organization of production under Russian license, and so forth.

The Indian leadership recently approved a major deal that is in the pipeline for the purchase of modern Su-30 MK multirole fighters, which will be the Indian Air Force's main strike force until 2015. As is well known, negotiations had been under way for two years. According to information from the Indian press, the deal is put at $1.2 billion and is scheduled to be implemented over five years. Indian military specialists are stressing that the contract envisages the transfer to our partners of the technology to produce these ultramodern warplanes. In the future they could be produced in conjunction with Russia at Indian aircraft plants. "For us it is also important that the financial terms governing the agreement that is in preparation on shipments of the Su-30 MK are preferable to those offered by the West," an Indian Defense Ministry spokesman stated.

Delhi is also talking about the need to accelerate work to carry out the already signed contract for the "MiG" Moscow Aviation Production Association to upgrade a large consignment of Indian MiG-21 bis aircraft with the participation of the Mikoyan Design Bureau. The initial stage of the upgrade will cover more than 100 aircraft. Russia will receive around $330 million for the order. Moreover, there are reports of plans to buy several Russian submarines, to build two small missile ships at Indian shipyards under license from Russia, and for the Russian defense sector to take part in the contest to sell 155-mm howitzers and other hardware to India.

Some people might deem "paradoxical" the logic that contends that Russian arms exports do not destabilize the situation in southern Asia. But they forget the objective need to maintain the existing balance of power in the region. Last year the Americans lifted the ban on military shipments to Pakistan — a ban which was imposed in 1990 after suspicions that the country was developing its own nuclear bomb. Now Islamabad has begun receiving American weapons once again. According to information coming in, it is a question of the M-198 155-mm howitzer, night-vision goggles for Cobra fire-support helicopters, electronic field artillery target acquisition consoles, and systems for F-16 fighter-bombers allowing them to pinpoint enemy air defenses. The weapons already acquired are valued at $368 million.

Another weighty argument in favor of Russia's striving to win the battle for the Indian customer is that India itself intends to expand its arms sales, not least to the countries of Southeast Asia. This has been stated by Defense Minister Mulayam Singh Yadav. So the strengthening of military-technical ties with India can and probably will be further continued and extended. All the requisite conditions are in place in this region. And in that sense India could become a wide corridor for Russia to a warm ocean.

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Federal Assembly

Russia: Chernomyrdin Comments on Economy, Chechnya Problem

MM1308133996 Moscow KRASNAYA ZVEZDA in Russian 13 Aug 96 p 1

[Report by Captain First Class Vladimir Yermolin: "Russia's New Old Premier"]

[FBIS Translated Text] On Saturday the State Duma ratified Viktor Chernomyrdin as premier by 314 votes to only 85 against.

But there was so much discussion, speculation, and alarming predictions about the subject. Admittedly, the most serious analysts had predicted this outcome to the vote on the premier's candidacy, since the State Duma is currently unlikely to try to complicate relations with the president. This attitude of avoiding conflict was seen not only in the results of the voting but also in the questions put to Chernomyrdin, and in the very tone with which he was treated by the auditorium — a tone that was very peaceable. Judging by everything, the only faction that consistently opposed Viktor Chernomyrdin was "Yabloko."

Chernomyrdin said that the main problem which will immediately face the new government is to normalize the execution of the federal budget. According to preliminary information, he said, in the first six months the revenue side was executed 88 percent, while the expenditure side was executed almost 100 percent. The federal budget deficit was 63 trillion rubles, or 70 percent of the total annual limit.

Viktor Stepanovich also referred to the Army. In particular, stressing the need to enhance the prestige of military service and the social status of the "glorious traditions of the Russian officer corps," he reasonably noted that this would take a lot of money. Understandably, the country does not have that money. Consequently, although reform will be carried out, it will be "in the context of substantial financial restrictions."

Thus, the Russian premier has safely "gotten past" the State Duma and has embarked on forming his cabinet. The premier assures us that the list of ministers will be published in a week's time. But active work on the program for the country's economic development to the year 2000, the premier noted, will be submitted to parliament no later than November. Clearly, there is an initiative in the offing — "each Russian family will receive its wages by the year 2000."

The same day the parliamentarians heard from Colonel General Igor Rodionov, Russian Federation defense minister, and Army General Anatoliy Kulikov, minister of internal affairs. The subject under discussion was the situation in Chechnya — or, rather, in Groznyy. The Russian Federation defense minister told the deputies about the current situation in Groznyy. According to him, the federal troops have the situation under control. Although there was an element of confusion at some point. But the military are carrying out their mission, despite fierce resistance from the gunmen. Anatoliy Kulikov assessed the situation in Groznyy from the standpoint of the Internal Troops and internal affairs organs. He too drew the parliamentarians' attention to the complex financial situation in which the Internal Troops find themselves, and to a whole slew of unresolved problems relating to supplies of hardware and modern weaponry. The general also admitted that some of his subordinates were poorly trained.

It is worth noting that during the discussion of this issue just over half of the deputies were present in the auditorium. You got the impression that the deputies were fed up with Chechnya and that feelings were not running high — although there were some isolated emotional outbursts, as well as a minute's silence. The meeting with the ministers can be said to have resulted in the deputies' decision to appeal to the president to institute a state of emergency in Chechnya. Unfortunately, the issue of how to continue funding the war in the republic was not properly aired. The power departments' already scanty budgets are simply unable to meet the cost.

On Sunday Viktor Chernomyrdin chaired a session of the State Commission for Settling the Crisis in Chechnya. The commission members agreed with the State Duma decision on the expediency of instituting a state of emergency in the republic. The Justice Ministry was instructed to draw up within three days a legal justification for the institution of a state of emergency in Chechnya. After which the commission will make recommendations to the Russian Federation president. We would recall that, under the Russian Federation Constitution, it is the president's right to institute a state of emergency on Russian territory. The decision is ratified by the Federation Council.

Russia: Duma Said To Approve Chernomyrdin Out of Anxiety

MK1408104296 Moscow NEZAVISIMAYA GAZETA in Russian 13 Aug 96 p 2

[Report by Tatyana Koshkareva and Rustam Narzikulov under the "Prospects" rubric with the general heading: "Chernomyrdin's Victory Proved To Be More Convincing Than Yeltsin's. Deputies Humbly Voted in the Head

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of the Much-Criticized Government, for They Appear To Be Seriously Worried by the President's Health"]

[FBIS Translated Text] Circumstances have so combined that the vintage-August-1996 prime minister faces much brighter political prospects than the "old" chief of government — even if this person is one in the same. The president — who has to spend most of his time at Barvikha — will, whether he wants to or not, hand a portion of real authority over to the new prime minister; that is, if authority is understood as actual control over political information and resources, not a list of official duties set forth in official instructions.

Yet, Yeltsin does not like authority to concentrate in anyone's hands (unless they are his own, of course) and, according to information from knowledgeable sources, he has in the end limited Chernomyrdin's powers — from now on, any document coming from the government's entrails will legally go into force only after Anatoliy Chubays has affixed his signature to it.

The ease with which Chernomyrdin survived the Duma vote suggests two things: First, regardless of the fairly disconsolate results of his economic management, the deputy corps has come to perceive Chernomyrdin as a charismatic head of government, who despite his "isolated shortcomings" is fairly convenient and predictable. He is equally uniform with Yavlinskiy, and Zyuganov, and Zhirinovskiy; he does not look down his nose at the most exotic deputy if the latter is more or less influential. Obviously, Chernomyrdin will not call anyone names or label anyone as "a fascist," "a Red and a Brown," or "a vile little toad."

Second, the deputies have for an umpteenth time confirmed that the legislative branch, as its authority is defined by the Constitution, stands on a shaky ground. Members of the lower chamber are perfectly aware of the fact that in the end they will come to regret any resistance on their part to a figure nominated by the president: They will get someone like Gaydar for prime minister at best, and, at worst, they will simply be dissolved. The deputies' personal interests have once again gotten the better of those of the country and the economy. A deputy seat in hand is better than a ministerial portfolio "in the bush," for which reason the restive and proud parliamentarians silently swallowed their somewhat unceremonious treatment at the hands of both the president and the prime minister designate.

Chernomyrdin, for his part, did not even bother to name his candidates for the posts of ministers and deputy prime ministers, noting only that some of those present in the audience will be among them. It is unclear whether Chernomyrdin meant Yevgeniy Yasin, who was tensely watching the vote unfold, or any of the deputies. The deputies pretended that this passage applied exclusively to them. Yet some of them appear to have already lost any hope for a place in the government, for which reason they could afford hurling harsh criticism at the premier (Mikhail Zadornov).

Another example of the unceremonious treatment of the people's deputies is to be found in the "Answers to the State Duma Deputies' Questions Put During Their Meetings With V.S. Chernomyrdin, Chairman of the Government of the Russian Federation." The deputies who put questions to the government were responded to as if they were either economically illiterate politicians or simply dimwits. Just take, for example, the answer to Gennadiy Zyuganov, which says that "1996 is the beginning of the preparation for a stage of bustling investment activity and economic growth." The preparation has clearly been dragged out. If the government continues preparing for economic growth at the current pace, GDP is bound to fall by another 20 percent or so on top of the 50 already shed.

Yet another announcement of adjustments to the government's economic course was also calculated proceeding from the deputies' humility and unscrupulousness. It is unclear just what is to be adjusted since the government has never been able to formulate its policy. The parliament has to console itself with the promise that Russian GDP will grow 14-15 percent by the year 2000 compared to "present-day indicators." The incurious deputies, naturally, did not ask the premier: Compared to what "present-day indicators?" If he meant the 1996 figures, then the government has undertaken to ensure an annual growth of 3 percent. If 1995 is taken as the starting point, however, the annual growth rate should be approximately 5 percent compared to the first half of 1995. As for the parliamentarians, however, these forecasts strike no chords with them. In all likelihood, they forgot all about them right after the Saturday Duma meeting. It should be recalled that sovereign Russia was first promised economic growth back in the autumn of 1992, and that failure to keep this promise was to have been accompanied by someone's falling on the rails and the severance of someone's arms and other limbs.

Having heard not one word from Chernomyrdin regarding the lineup of the future government, Messrs. Zyuganov, Ilyukhin, Maslyukov, and Ryzhkov have to put up with his written answer, from which it is clear that "currently the objective is to form a government structure that is in line with present-day requirements." Since "the present-day requirements" are more important than the deputies' secret requests for government portfolios, hardly any novelties can be expected from the cabinet reform; that is, other than those proposed in two plans, code-named "The Pashkov Plan" and "The

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Yasin Plan" (see NEZAVISIMAYA GAZETA of 6 August 1996). Chernomyrdin confirmed that the new government would retain its 24 ministries ("The Pashkov Plan"), while it is also planned to reduce the existing 89 federal agencies to 60-65 in all. "The Yasin plan" has gained the upper hand with regard to the way the government's economic, financial, and social blocks will be formed. The economic block is to be headed by a first deputy prime minister who has yet to be named.

We will not have to wait long for the new government lineup to be approved. Clearly, the Cabinet of Ministers that will draw up the 1997 draft budget must be composed of members appointed by presidential edicts by as early as 22 August.

Russia: Duma's Abdulatipov, Yushenkov Comment on Chechnya

MM1308135396 Moscow TRUD in Russian 13 Aug 96 p 1

[Report of comments by State Duma Deputy, Professor Ramazan Abdulatipov and State Duma Deputy Sergey Yushenkov "prepared" by Olga Solomonova: "Commentary on the Situation in Chechnya"]

[FBIS Translated Text] [Abdulatipov] One year ago, when the August agreements with Chechnya were under discussion, I had to say that they were ignominious in terms of their approaches because they were undertaken effectively under the dictation of the terrorist Basayev. I warned that they would result in the revival of the Dudayev regime rather than peace.

And when this year, in the runup to the presidential elections, there were talks under way with Chechen representatives, I proposed that we should say openly, honestly, and boldly: Let us stop the war during the election rather than "playing at agreements," deceiving people....

As a result the gunmen are again in Groznyy and the war has been resumed with renewed force. Everything has been tragically repeated.

This is the consequence of unprofessional actions unbefitting a state. This policy is effectively turning into a policy of destroying the Chechen people, a policy of destroying the unity of our fatherland on both sides. And the continuation of this tragic war could lead to an expansion of the war zones in the Caucasus — and not just there.

Until we have determined whom actually to speak with in Chechnya, and there are several regimes there at present, it is impossible in effect to solve the question of the Chechen Republic.

It is necessary first to start large-scale talks inside Chechnya. And until we complete them and reach nationwide accord on some fundamental questions there, it is pointless to talk with Zavgayev, Khasbulatov, Maskhadov, Yandarbiyev, and others.

Let them negotiate. But it is necessary to create the conditions for that. And then you can propose something. And this should be entrusted to a professional, a specialist in interethnic relations, giving him the maximum powers on behalf of the president, government, and the federal assembly.

But every successive representative appointed in Chechnya contributes yet another layer of unprofessionalism to the grave situation. We now have General Lebed. What powers does he have? The powers of a presidential adviser. While no one has bothered to asked the Federal Assembly. And even if Lebed does manage to pull something off, the next day will see the attacks start: He failed there, he did not do that, he did not speak to someone, and so forth.

[Sergey Yushenkov] The latest events in Chechnya indicate once again, in my view, that an armed people cannot be defeated. The logic of the federal authorities, which is based on an understanding of the struggle against Chechen separatism as a struggle against bandit formations, is falling apart. No military genius in the history of mankind has been able to defeat guerrilla movements or a people under arms.

And the untenability of the pronouncements by the military and some politicians that the scattered bandit formations will be destroyed in another two to three days or a week is becoming obvious. This has been going on for almost two years and, alas, has not produced any fruit.

There is, in my opinion, only one path, which (and here is the paradox!) everyone — both gunmen and the federal authorities —acknowledges — the peaceful settlement of the conflict. In my view, it could be most effective when Doku Zavgayev voluntarily resigns, thereby creating the opportunity for all parties to the conflict to agree a single candidate for the post of head of an interim administration formed on terms of parity. The point here is for it to stabilize the situation and create the necessary conditions and prerequisites to hold free general elections of the head of the Chechen Republic and parliament.

A very great deal is now expected from last night's meeting between Lebed and Maskhadov. The remarks circulated by Maskhadov's news agency that the war could be ended with full observance of Russia's interests are encouraging.

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In other words, there are the bases, there is the opportunity, to reach agreement. Both the Chechen opposition and Moscow understand that bloodshed is pointless.

Of course, a ceasefire and the withdrawal of all armed formations to the positions they occupied at the time of the Nazran agreements have to be the precondition for large-scale talks. Only then can we really hope for relative peace to be established in Chechnya. It will be very difficult to attain complete peace. That will probably take several years, perhaps even a decade — too may people have been affected by this war.

Russia: Left-Wing Attempts To Change Local Election Rules

MM1408104996 Moscow ROSSIYSKAYA GAZETA in Russian 13 Aug 96 p 2

[Article by Mikhail Shchipanov: "Zero Hour Approaching for Governors"]

[FBIS Translated Text] The struggle for governorships, which promised to be the culmination of the political year, has already gotten bogged down in purely procedural hitches since the actual timing of the elections to representative and executive organs of regional power have become the subject of strategic party calculation.

It all began when left-wingers, who have long sought to turn the State Duma into their own club but were spurned by the people, attempted to transform the election process, to which haste is anathema, into another Stakhan-like campaign to provide the country with coal! The version of the law approved by the left-wing majority turned out to contain strictly prescribed dates — all local deputies whose term of office expires would have to pass through the crucible of elections within six months of the moment the law was published. Thus, if the left-wing version of the law had nevertheless been adopted this August, all 48 local campaigns would have to be completed by as early as next February.

So why did the champions of a "happy tomorrow" decide to ignore the proverb which clearly explains that if you want something in a hurry you should keep your mouth shut: The ex-officio patriots are clearly aware that time is inexorably against them. G. Zyuganov himself complained a few days ago that his companions are losing the historical initiative, and it is difficult to imagine a more bitter acknowledgment for the professionals of "historical materialism."

For some reason people in the left-wing camp decided to gamble on attempting to change at a stroke the balance of sense and political commitment in the upper house: The certain difficulties still persisting in the country's economy leave the "party of nostalgia" with a few chances. The calculation is as simple as falling off a log: Conquer the senate in a cavalry charge and transform the Federal Assembly as a whole into an anti-presidential outpost. And also give renewed hope to the many career freeloaders of the Communist Party who have clearly lost heart since the presidential election defeat.

Naturally it would be naive to hope that earlier elections would definitely favor the left, but hope, as is known, instills joy in the breast of political graybeards. The Duma decided at least not to pass up a purely temporary chance.

Meanwhile the Duma draft law was clearly aimed against the presidential edict authorizing local organs of power whose term of office is formally expiring at this time to extend their activity until, December 1997. Incidentally the content of the latest bout of parliamentary infighting proved to be even more contentious. The whole point is that it was the senators who themselves submitted the text of the law on elections to local organs of power for examination by the lower house, but they obviously could not have imagined the extent to which their initiative would be punished. The senators, who are linked by an unbreakable umbilical cord to their regions, reasonably believed that the timing could be left to the local authorities to decide since components of the Federation are by no means inclined to find their sovereignty too much to swallow.

So how great was the "initiators'" surprise when it became clear that the Duma deputies had substantially augmented and amended the document with their own interpretation of state expediency. There was an old-style change of rules. In accordance with their old custom, the leftists unhesitatingly decided to issue the regions with a classic order for elections, since there is no longer any way they can regulate the number of cows and sheaves of corn. A throwback to the old ways!

In such a situation it is not even worth mentioning that the senators rejected the Duma view of the essence of the election campaign, evidently on the basis of the consideration that a smoother "rejuvenation" of the upper chamber would again confirm the continuity of its "shock-absorber policy." So for the time being the election campaign, which is gathering pace, will be governed by presidential edicts.

And the local elections?! The elections will follow their course, especially since in 14 components of the Federation they have already been scheduled for the coming months. In some oblasts, in particular, people will be turning out to vote as early as September.

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Regional Affairs

Russia: TV Shows Details of Pulikovskiy-Maskhadov Meeting

LD1308213396 Moscow Russian Television Network in Russian 1950 GMT 13 Aug 96

[Video report from Chechnya by correspondent Sergey Zenin — from the "Vesti" newscast]

[FBIS Translated Text] [Announcer] At the talks in Chechnya, an agreement has at last been reached to end all hostilities at noon on Wednesday throughout the area and to provide all necessary humanitarian corridors. Sergey Zenin, our correspondent in Chechnya, has the details of the meeting between General Konstantin Pulikovskiy, acting commander of the group of federal forces in Chechnya, and Aslan Maskhadov, chief of staff of the [separatist] fighters.

[Zenin] Our group has just returned from the settlement of Staryye Atagi, where Pulikovskiy, commander of the group of federal forces in Chechnya, met Maskhadov, chief of staff of the Chechen separatists. [video shows pictures, taken from a helicopter, of another helicopter landing in slightly wooded, flat countryside]

General Pulikovskiy's helicopter landed at the venue for the talks. The general waited. [video shows Pulikovskiy leaning against his vehicle; he has an escort of six armed soldiers] A few minutes later, Maskhadov's deputy appeared. [video shows two men, one in uniform and both apparently unarmed, stepping out of a Niva car. The uniformed man approaches Pulikovskiy and stretches out his hand] You see how long Konstantin Pulikovskiy took to respond to his handshake. But then, peacetime began. [video shows the two men shaking hands, Pulikovskiy with obvious reluctance]. Seconds later, Maskhadov is driven up to the site of the talks. [video shows a green Mercedes arriving. Two armed men step out, followed by Maskhadov] He and Pulikovskiy decided not to say anything to the Vesti film crew.

Among the separatists, I had no difficulty in recognizing Shirvani Basayev. He also refused to speak to us.

[Sh. Basayev — caption] You are recording. That's not good. You did not ask. That's not polite.

[video then shows the two commanders talking, eventually sitting in a field. Later they are joined by two aides, and Pulikovskiy appears to be studying a document]

[Zenin] We managed to find out from sources on the federal side what the two generals talked about. Konstantin Pulikovskiy proposed that Aslan Maskhadov should stop firing on Russian columns that are not carrying out military operations. For his part, he added that since yesterday the federals have been ordered to open fire only in response to being fired on or at known enemy weapon emplacements.

It is a pity that, while tackling the question of a cease-fire, the Chechen side is putting forward political demands as well. General Pulikovskiy can basically deal with only military matters. Much could have been resolved by the Russian presidential decree on settling the Chechen crisis if it had been signed.

Nevertheless, the sides expressed their readiness to continue the dialogue and — significantly — agreed that there will be constant communication between the separatists' staff and the combined group of federal forces.

Russia: Chechen Spokesman Confirms Cease-Fire Agreement

LD1308184896 Moscow Radiostantsiya Ekho Moskvy in Russian 1800 GMT 13 Aug 96

[FBIS Translated Text] Chechnya seems to have got another chance to settle the conflict after the talks between General Pulikovskiy and Maskhadov, which lasted for about three hours. It has at last been announced that a number of important agreements has been reached. Some details were given to our radio station by the opposition's official spokesman, Movladi Udugov.

[Begin Udugov recording] A full cease-fire throughout the republic as of 1200 [0800 GMT] on 14 August. Second, the disengagement of forces from contact positions. Third, ensuring a direct radio contact between General Maskhadov and General Pulikovskiy; ensuring direct communication between the so-called field commanders; an exchange of the dead and wounded; and ensuring to the utmost the so-called humanitarian conditions to help civilians, to render them medical assistance, and to withdraw them to safe places and distribute food and so on. [end recording]

Russian sources have not yet finally confirmed that this agreement has been reached.

Russia: Udugov Informs Lebed of Pulikovskiy's Rejection of Cease-Fire

LD1408083296 Moscow Radio Rossii Network in Russian 0800 GMT 14 Aug 96

[FBIS Translated Text] As Movladi Udugov, the separatists' information and press minister, told the Ekho Moskvy Radio, Aslan Maskhadov today contacted Aleksandr Lebed, secretary of the Russian Security Council, on the telephone today and told him that Konstantin Pulikovskiy is refusing to implement the cease-fire agreement, which was reached on 13 August.

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Russia: Maskhadov Says Cease-Fire Preparations in Effect

LD1408084296 Moscow INTERFAX in English 0832 GMT 14 Aug 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, Aug 14 (Interfax) — Chechen rebel military chief Aslan Maskhadov confirmed that separatist forces will stick to a cease-fire agreement reached with Russian troops on Tuesday.

Maskhadov said Wednesday that the "Chechen side will observe the cease-fire reached with the federal command despite the complexity of the situation and possible provocations on the part of the Russian side."

Chechen rebel military leaders told Interfax that Maskhadov's statement was prompted by the fact that the Russian military denied reports about the cease-fire agreement after separatist forces had been ordered to halt fire early on Wednesday.

At the same time, Maskhadov noted that his forces will resume active fighting "only if the Russian side launches an active offensive."

However, Konstantin Pulikovskiy, the commander of Russian troops in Chechnya, also said that he "did not reach any agreement" with Maskhadov.

Commenting on these remarks, Maskhadov said "peace initiatives put forth by the Russian Security Council secretary, Aleksandr Lebed, have caused panic among those forces in Moscow which stand behind this dirty war and which are frightened by their responsibility for the bloody crimes they have committed in Chechnya."

Maskhadov made it clear that his forces will cease fire along the entire front line by noon Wednesday, adding that preparations for this have been under way since 8:00 a.m.

Russia: Udugov, Slipchenko Differ on Chechnya Cease-Fire Status

LD1408103796 Moscow Radio Rossii Network in Russian 0900 GMT 14 Aug 96

[FBIS Translated Text] According to reports coming in from different sources, the situation in Groznyy remains tense, although there is news of a relative drop in the intensity of the confrontation between the federal forces and rebel detachments.

Movladi Udugov, minister of information in the separatists' government, gave us his version of the developing situation in Chechnya by telephone.

[Begin Udugov recording] Active combat operations have practically ceased in Groznyy since early this morning, with only sporadic small-arms fire. Early this morning, General Aslan Maskhadov, chief of the general staff, issued an order to all subunits of the government forces on a complete cease-fire throughout the Chechen Republic, in order to ensure a full cease-fire by 1200, as agreed yesterday. After [Federal Commander] General Pulikovskiy issued a statement saying that there is no such agreement, General Maskhadov issued an official statement today to the effect that, despite everything, the Chechen side will fulfill the agreement on a cease-fire, on a cessation of hostilities, on the withdrawal of subunits to a safe distance from one another, and on the creation of humanitarian conditions to safeguard innocent civilians. The Chechen side will observe the cease-fire, even unilaterally. [end recording]

[Announcer] Sergey Slipchenko, head of the press group of the State Commission for a Settlement in Chechnya, set out the current situation in quite a different light in an interview for our correspondent:

[Begin Slipchenko recording] Pulikovskiy said today that it is completely incorrect and utterly bogus to say that all troops will be withdrawn by 1200. What we talked about in fact was that his regimental commanders should get in touch with our commanders, and if they can make contact and reach agreement, then they will organize a corridor so that the innocent civilians and the injured could leave the blockade, and then they could exchange their dead. That was all that was discussed. Of course, when Maskhadov started to tell Pulikovskiy sharply that Chechnya is an independent country which has nothing to do with Russia, and that is exactly what they are fighting for, then, naturally, at that point the talks ended. So it is propaganda to say that we are starting to disperse at 1200, and that we are carrying out a good, peaceful cause. It is propaganda in its purest form, which shows that Udugov is not changing his traditions. [end recording]

Russia: Pulikovskiy Details Cease-Fire Agreement With Chechnya

LD1408084696 Moscow ITAR-TASS World Service in Russian 0806 GMT 14 Aug 96

[By ITAR-TASS correspondent Boris Kipkeyev]

[FBIS Translated Text] Moscow, 14 Aug (ITAR-TASS) — As of 1130, the situation in Groznyy remained tense and firing continued at four points in the city — Chernorechye, Staropromyslovskiy District, and also in the central districts where the militants were blockading a 12-story building. The troops were forced to "take countermeasures," ITAR-TASS was informed by telephone from Khankala by Konstantin Pulikovskiy, commander

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of the federal group. However, artillery and aircraft were not used in the countermeasures.

The commander said that he is trying to get into contact with Aslan Maskhadov, the separatists' chief of staff, to point out to him that yesterday's verbal agreements were not being fulfilled. At that time, Pulikovskiy said, in my conversation with Maskhadov I stressed that the federal forces throughout the whole day would carry out my order not to open fire. Maskhadov considered and then replied: Then I, too, will issue a similar instruction and this will come into effect in the morning on 14 August. Nonetheless, the commander stressed, this agreement is not being fulfilled and the militants were the first to exacerbate the situation.

Earlier a representative of the federal group told ITAR-TASS that on 13 August the sides agreed "to play by the rules," which envisage "not opening fire unnecessarily, giving unhindered passage to convoys and medicaments, and preserving the inviolability of corridors for peaceful citizens to depart from the combat zones." He also said that at the consultations that took place then "there had been no mention of any date for the start of a truce."

Pulikovskiy stressed that he was ready to meet or get into contact with Maskhadov every day to resolve all military problems that arise. "My order to open fire only in response remains in force," he stressed.

Russia: Federal Forces End Active Combat Operations in Groznyy

LD1408101396 Moscow INTERFAX in English 0959 GMT 14 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 14 (Interfax) — Russian federal forces have ended active combat operations in the Chechen capital of Groznyy, a representative of the press center of the federal forces command in Chechnya told Interfax on Wednesday afternoon. Russian servicemen are only permitted to open counterfire in response to the attacks of Chechen rebels, he said.

He said Chechen rebels continue shelling positions of the federal forces in Groznyy.

At the same time another source in the federal forces command told Interfax that the interior forces are attempting to lift a blockade from check-point No. 13 in a south Groznyy district encircled by the separatists.

The same source said that the Chechen rebels on 6 August seized a railway car with arms, predominantly grenade launchers, at the railway station in Groznyy.

Russia: Pulikovskiy 'Appalled' by Rebel Failure To Honor Cease-Fire

LD1408113996 Moscow Russian Television Network in Russian 1000 GMT 14 Aug 96

[From the "Vesti" newscast]

[FBIS Translated Text] Quite recently, about an hour ago, Konstantin Pulikovskiy give a big interview to us, the "Vesti" program. Here is an excerpt from it.

[Begin Pulikovskiy recording, identified by caption as commander of the combined group of federal forces in Chechnya] We [Pulikovskiy and Maskhadov] confirmed to one another the possibility of a cease-fire along the line of engagement, so that people should not die on one side or the other. But now, as of this minute, there is firing in the Chernorechye area, there is firing in the area of Minutka Square, and there is firing in the Staropromyslovskiy District — a concentrated breakthrough.

I am appalled by yet another failure to honor, well, not an agreement, of course, but at least undertakings of the sort that I discussed with him yesterday. So far these undertakings have not been honored. [end recording]

Russia: Federal, Chechen Commanders in Talks Over Alleged Fighting

LD1408100896 Moscow INTERFAX in English 0959 GMT 14 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 14 (Interfax) — The Russian military made its first radio contact with Chechen separatist commanders on Wednesday to send them a telegram concerning rebel attacks on federal troops in Groznyy and the town of Argun (15 kilometers from the Chechen capital) earlier today.

Chechen rebel military chief Aslan Maskhadov has ordered his commanders in charge of the operation in Groznyy to check these facts and report back by 1700, the separatist military headquarters told Interfax.

Russia: Chechen Separatists To Probe Cease-Fire Violation Charges

LD1408113196 Moscow Radio Rossii Network in Russian 1000 GMT 14 Aug 96

[FBIS Translated Text] We have learned that representatives of the federal command in Chechnya made radio contact this afternoon with representatives of the militants' main staff. Movladi Udugov, minister of information in the separatists' government, gave us information about the details of this conversation.

[Begin Udugov recording] General Pulikovskiy sent a telegram protesting against what he called the Chechen

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side's violation of the truce agreement. In particular, the telegram listed cases of firing at Russian positions in the area of Staropromyslovskiy District, the village of Chernorechye, near the Drama Theater, in the town of Argun, and a number of places in the city of Groznyy. The Chechen side took note of the telegram. The text of telegram was passed to General Maskhadov. General Maskhadov instructed the command of the Groznyy operation to investigate each case listed in the telegram by 1700, to make a report, and to pass all information to General Pulikovskiy by radio. [end recording]

Russia: Federal Spokesman: Agreement Reached on Chechnya Not Truce

LD1408104496 Moscow ITAR-TASS in English 1031 GMT 14 Aug 96

[By Natalya Kosareva]

[FBIS Transcribed Text] MOSCOW, August 14 (Itar-Tass) — The commander of federal forces in Chechnya and separatist military leader have agreed that the Russians and rebels would get in touch by radio whenever civilians need evacuation and the dead and wounded need be collected.

A spokesman for the Russian commission in charge of the settlement, Nikolay Slipchenko, told ITAR-TASS today that the Tuesday meeting of the Russian and rebel commanders, Konstantin Pulikovskiy and Aslan Maskhadov, had not yielded truce and disengagement accords. He said real truce was deterred by the stance of rebels, who make Chechnya's secession from Russia an absolute term for the truce. This had deadlocked the earlier peace talks, as Chechnya's political status is not within competence of the Russian military command, the spokesman said.

Russia: Some Details of Lebed's Chechnya Solution Plan Given

LD1408104796 Moscow ARGUMENTY I FAKTY in Russian 13 Aug 96 No. 33 p 2

[Unattributed report: "Lebed's Plan"]

[FBIS Translated Text] Several details have emerged of the plan which Aleksandr Lebed discussed in Chechnya with Maskhadov and [separatist spokesman Movladi] Udugov. The withdrawal of all troops from Chechnya should begin in the very near future and should be completed within two weeks. Troops will remain in Groznyy, Khankala, and Severnyy airport only until the final evacuation. During this period, power in Chechnya will be concentrated in the hands of Yandarbiyev and Maskhadov. Zavgayev will disappear from the political scene.

The special status of Chechnya was also discussed: the separatists' armed formations will be renamed the Armed Forces of Ichkeria and will not be part of the Russian Armed Forces. The same will apply to Interior Ministry detachments.

According to our information, the separatists receive one million dollars a week from the diaspora in Russia, and above all from Moscow, to conduct the war in Chechnya. Six million dollars were received from the same sources for the operation to take Groznyy. All the Russian special services knew that there would be an attempt to seize Groznyy. But no order ensued to take the necessary measures. Steps are not even being taken to close the Dagestan-Azerbaijan border, across which the fighters get weapons. The existence of such a corridor is clearly profitable for everyone.

And finally, a lot is being said about the merciless looting of money and materials, earmarked for the restoration of Chechnya. According to our information, all the documentation about financing, deliveries, and especially expenditure on building materials was burned in the government house in Groznyy. Now no one will find traces of the Chechen trillions from the Russian budget. Sharing out billions of dollars — isn't that the "noblest" task of war?

Russia: Combatants Said Unable To Reach Lasting Accord in Chechnya

MK1408112896 Moscow KOMMERSANT-DAILY in Russian 14 Aug 96 p 3

[Report by Ilya Bulavinov: "The Situation in Groznyy Is Not Considered To Be an Emergency"]

[FBIS Translated Excerpt] By Tuesday evening Groznyy had not been cleared of separatist fighters, while the new presidential representative in Chechnya, General Lebed, had not seen a presidential edict on the redistribution of the powers of the federal agencies dealing with the Chechen settlement. [passage omitted]

Even so, to all appearances Lebed has persuaded the president of the inexpediency of a state of emergency. Otherwise how can one account for the fact that Justice Minister Valentin Kovalev, who according to some reports has prepared a draft edict on introducing a state of emergency, yesterday came out with the unexpected statement that "it is not appropriate to introduce a state of emergency, not only on the territory of the entire Chechen Republic, but even in Groznyy." In his opinion, that would have negative, primarily political, consequences: Not only Russian but also international public opinion would interpret that action as an escalation of the conflict in Chechnya. Furthermore, Kovalev argued,

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the law precludes the participation of Defense Ministry units in maintaining a state of emergency. Clearly, all of these "far-fetched" arguments as well as Chernomyrdin's silence (although yesterday Duma Deputy Speaker Aleksandr Shokhin, who enjoys the premier's favor, observed that the introduction of a state of emergency would help create a legitimate and effective administrative system in the region) suggest that the president has not as yet made a final decision — at least pending a meeting with the premier.

It is hard to tell what this small apparat victory will give Lebed except moral satisfaction. Yet success in the Chechen settlement is vital to the general. Despite the apparent abundance of presidential edicts issued on his initiative, including those pertaining to personnel changes, thus far he has not managed to exploit the results of the first election round. Should his peacemaking mission fail, the myth of Lebed the miracle worker might finally collapse. He is very well aware of that, and yesterday, according to some reports, he discussed the prospects for his activity in Chechnya with Defense Minister Rodionov and Internal Affairs Minister Kulikov, and also with State Commission [on a Chechen Settlement] Secretary Sergey Stepashin.

Meanwhile, in Chechnya attempts to straighten out the situation in Groznyy are being taken at the level of the federal and separatist force commands. Yesterday at 1725, in the village of Novyye Atagi, a meeting began between acting federal force commander Konstantin Pulikovskiy and Aslan Maskhadov. The effectiveness of such a meeting, however, is dubious. What can generals possibly agree about? That the separatist fighters will voluntarily leave Groznyy? Hardly. That the [federal] army will pull out of the city? Never. If negotiations on a Chechen settlement are at all possible, there is no way they will be directed by those who confront each other on the battlefield.

Russia: 2d Meeting Between Pulikovskiy, Maskhadov Not Ruled Out

LD1408101496 Moscow INTERFAX in English 0958 GMT 14 Aug 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, Aug 14 (Interfax) — A representative of the headquarters of the Chechen opposition forces does not rule out a second meeting between acting commander of the federal forces in Chechnya Konstantin Pulikovskiy and chief of rebel headquarters Aslan Maskhadov.

The federal command forwarded a package to the chief of headquarters of the Chechen rebels. Maskhadov received it at about 1:00 p.m. Moscow time, a representative of the separatists' central command post told Interfax.

The contents of the package are unknown but it is not ruled out that the matter concerns the agenda for a repeat meeting between Pulikovskiy and Maskhadov, the Chechen military said.

Russia: Lebed's 12 Aug News Conference on Chechnya Viewed

MM1308175096 Moscow KRASNAYA ZVEZDA in Russian 14 Aug 96 p 1

[Report by Sergey Pavlenko: "Aleksandr Lebed: Powers Mean the Right To Make Decisions"]

[FBIS Translated Text] As KRASNAYA ZVEZDA has already reported, Russian Federation Security Council Secretary Aleksandr Lebed, who had been in Chechnya, held a news conference on Moscow on 12 August.

One of the main factors addressed during the meeting with journalists was the question of the preparation of a Russian Federation presidential edict for settling the situation in the region. It envisages a whole system of measures aimed at the speediest resolution of the crisis. KRASNAYA ZVEZDA already talked about this in its previous edition.

At the meeting with journalists Aleksandr Lebed also noted that for subjective reasons it has not yet been possible to create an effective mechanism for resolving crisis situations. "There is no precision and clarity — about who makes decisions where, when, and how — not to mention who is responsible for the quality of their fulfillment." The State Commission for Settling the Crisis in the Chechen Republic, in Aleksandr Lebed's opinion, did not fulfill its tasks. There are virtually no positive changes in the political, economic, or military fields alike. The Russian Federation president's plenipotentiary representative in Chechnya cited "the funding of the armed opposition from legal and illegal sources" as one of the reasons why the conflict has dragged on. "The defectiveness of Russia's financial system has allowed and continues to allow federal funds to be used for the rebels' needs," Lebed noted. "Funds are being misspent with the tacit agreement of the Chechnya Government." Furthermore, Lebed continued, "to this day we do not have full and objective information about events in the republic and there is a lack of objective analysis of the situation."

To effectively resolve the Chechen problem, the Security Council secretary believes, it is necessary to construct a state system for administering this process. The entire activity of the state apparatus should be targeted on resolving the crisis because there is no issue that

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is more important for Russian at this time. Aleksandr Lebed considers it particularly essential that "the Armed Forces General Staff should assume leadership of all the currently fragmented material resources being enlisted to resolve these tasks." While the apparatus of the president's plenipotentiary representative should monitor the activity of all state structures in this matter.

Commenting on his appointment as the Russian Federation president's plenipotentiary representative for Chechnya, Aleksandr Lebed noted that he views the form of his appointment "as an example of bureaucratic games." "I am not opposed to the appointment," he stressed, "I am opposed to the way the decision was put together. Some people would very much like me to come a cropper in this job. We will see. I love highly complex tasks and am ready to carry out any assignment from the president mission with no messing around."

In the course of his visit, the Security Council secretary noted, he "traveled around many population centers and federal forces' fortified checkpoints and met with Aslan Maskhadov, chief of staff of the separatists' armed formations, Movladi Udugov, and also Shamil Basayev's younger brother Shirvani. "I had thought that things there were not brilliant but had not thought they would be so bad," Aleksandr Lebed noted.

In his words, he intends to "fully convey" the conclusions drawn during this trip at the next Russian Federation Security Council session. However, he noted, "one of the main conclusions can be drawn even now: There is an acute need at this time for the organizational development of the Armed Forces and other enforcement structures."

Sharing his observations, Aleksandr Lebed expressed the view that servicemen fighting in Chechnya "cannot represent the Ministry of Defense and the MVD [Ministry of Internal Affairs] as far as their equipment is concerned." "I have a suspicion," he noted, "that partisans in the Great Patriotic War were somewhat better dressed." "Furthermore I have to note," the Security Council secretary continued, "that the Armed Forces rear services have lost the right to be called such." He described the situation in terms of the provision of rear services as "an insult to people."

Telling journalists about the talks held on the territory of Chechnya the previous day, Aleksandr Lebed told the press conference that Aslan Maskhadov agreed with the formula "Russia will crush Chechnya if it so wants, but must hundreds and thousands of lives be sacrificed for this?" In Aslan Maskhadov's view, a status for Chechnya within Russia analogous to Tatarstan's status would suit the Chechen opposition. "Russia," the Security Council secretary noted, "can survive without Chechnya, but Chechnya cannot survive without Russia." In his words, Aslan Maskhadov agreed with this too.

Finally, Aleksandr Lebed noted that the system of administrative work on the Chechen problem is incomprehensible to him. "There will obviously have to be an in-house investigation," he stated, "to get the answers to a number of questions." Thus, he was unable to find the working apparatus of the Russian Federation president's plenipotentiary representative in Chechnya. "The deputy bequeathed to me, who should have been in Groznyy, is in Cyprus, according to my information," he said. "There is nobody at the headquarters near Severnyy. The president's apparatus for studying the situation has fled and nobody can give an answer to the question of the status of the material resources held there."

Answering criticisms that he is allegedly being inactive in tackling the Chechen problem, Aleksandr Lebed described such inactivity as "apparent." "I do not consider it possible to produce some kind of program for a settlement in Chechnya without serious and in-depth analysis of the situation," he noted. "As for my powers as the president's representative in Chechnya, the right to coordinate, seek consensus, participate, and examine are not powers. Powers mean the right to make decisions, issue directives, monitor, and, on the basis of this monitoring, make more decisions. This is a right which every official must have when entrusted with a pretty responsible job."

Russia: Lebed, Chubays Clash Over Chechnya Edict

MM1308143696 Moscow IZVESTIYA in Russian 14 Aug 96 pp 1-2

[Report by Viktor Litovkin: "Grenade Thrower at Hand, Lebed on the Horizon. The Security Council Secretary Wants To Take Control of the General Staff and Other Power Departments, if Only To Resolve the Chechen Problem"]

[FBIS Translated Text] There has been no radical change in the situation in Groznyy after the meeting between Aleksandr Lebed, secretary of the Russian Security Council and the president's plenipotentiary representative in Chechnya, and Aslan Maskhadov, chief of staff of the armed opposition. IZVESTIYA was told this by a source at the Armed Forces General Staff.

According to our informant's information, telephone conversations took place — as Aleksandr Lebed stated at the press conference — between Lieutenant General Konstantin Pulikovskiy, commander of the joint grouping of federal forces, and Aslan Maskhadov, the separatists' chief of staff. The military leaders agreed to

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withdraw their troops to a distance of 1 km from the line of contact, but nobody knows how this is to be done in the city, where there is no solid front line, where the troops are fighting in two or three encirclements, and where scattered and poorly controlled (this refers to the federal troops) maneuvering and assault groups are operating. So the fighting is continuing at its former pitch.

Lt. Gen. Konstantin Pulikovskiy, commander of the joint grouping of federal forces, himself, talking with IZVESTIYA'S correspondent via the government communications line (which incidentally does not work at all well), said that he and Aslan Maskhadov had reached agreement not on a disengagement as yet (that question cannot be resolved over the telephone), but on a personal meeting. After 1200 on Tuesday 13 August Gen. Pulikovskiy's deputy is due to meet with Aslan Maskhadov's representative. The place and time for a meeting of the two commanders will then be determined. But it must take place outside Groznyy. Konstantin Pulikovskiy stated, however, that no battles are being fought in the capital of Chechnya now, but "there are exchanges of gunfire."

To all appearances, despite the accords between Pulikovskiy and Maskhadov, the separatist detachments do not intend to leave the city. Indeed, they are strengthening their positions in preparation for a prolonged defense, continuing to offer steadfast resistance to the federal forces, and mining the troops' possible routes of advance.

At the same time, our sources claim, the separatists are making attempts to inflict appreciable blows on the main military bases in the region of Severnyy airport and Khankal, so as to prevent troops being dispatched from there to help those who are fighting in the city's districts. A severe blow was struck last night at Khankal, a suburb of Groznyy, from three directions. The gunmen carried out "very dense firing," the source claims. And it was only with the support of helicopters that the subunits of the federal forces forced them to stop shooting.

Our sources in the General Staff claim that army convoys of armored vehicles are being brought up toward the city to help the troops fighting there to force the separatists out of the city. Although people on Arbat Square [in the Defense Ministry] believe that the fighting in Groznyy will go on for quite a long time. At least another two weeks, according to the most modest estimates.

At the same time there is still a question mark over the fate of the presidential edict on imposing order in Chechnya which Aleksandr Lebed displayed to correspondents of Russian and foreign agencies at a press conference and which Boris Yeltsin, according to the Security Council secretary, has approved and was due to sign Tuesday. The edict created a clear mechanism for effective influence by the Security Council and its secretary — who is at the same time the president's plenipotentiary representative in Chechnya — on the course of events in the rebel republic.

It was proposed that the system of state management of the situation in Chechnya would be headed by the Security Council, which would bring together all the problems — from the holding of talks to the signing of agreements of some kind, as well as the strictest monitoring of their fulfillment. Also, the Security Council would analyze the developing situation in Chechnya and make concrete decisions. These decisions must be supported by the leaders of financial and economic departments and backed up with the necessary material and financial resources. And put into effect through the structures of the Armed Forces General Staff, which would coordinate and guide the actions of all the power departments involved in resolving the Chechen problem.

Within the Security Council it was planned to have a rapid reaction body in the shape of representatives of the FSB [Federal Security Service], the MVD [Ministry of Internal Affairs], the investigative bodies, and other power structures, who could quickly uncover and cut short illegal financial or other operations connected with deliveries of a vast quantity of foreign currency and weapons to Chechnya.

The edict offered hope that a really effective mechanism for resolving the Chechen problem would emerge. But 24 hours later the new edict had not appeared. The president's press service told us that it does not know anything about this document yet.

At the same time, according to information the editorial office has received from a well-informed source, a serious conflict has flared up over the edict between leading figures in the president's entourage. Chief of Presidential Staff Anatoliy Chubays objects fiercely to the edict, which grants the Security Council secretary extremely broad powers. After the president's meeting with Aleksandr Lebed, according to our source, Boris Yeltsin received Anatoliy Chubays, who tried to persuade him not to sign the document. On the basis that Lebed would then obtain too much power, which he could use for who knows what purposes.

Anatoliy Chubays is on leave as of Tuesday, but has not left Moscow at all.

How the head-on collision between the Russian president's two closest colleagues ended, and how the situation in Chechnya will develop subsequently, will ev-

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idently not become known until after this issue of the newspaper is signed to press.

Russia: Groznyy Fighting Seen Covering Up Embezzlement

MK1408075496 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 13 Aug 96 p 1

[Report by Andrey Lapik and Yuriy Ryazhskiy: "A Black Hole. Who Is Lining His Pockets, Using the Presidential Ego?"]

[FBIS Translated Text] Why did Lebed not go to Chechnya right after the election? Why did the president not vest him with authority, but waited until yet another offensive by the rebels destroyed the results of many months of "the restoration process"" in the Caucasus? Who needed the trillions of rubles allocated by the Russian Government for the construction of housing, roads, schools, and hospitals in "liberated" Groznyy to burn in the fire of artillery shellings and assault aircraft attacks?

Now, on top of many other things, the newly appointed presidential representative will have to straighten out on what and, most importantly, how the federal funds have been spent. And also which of the facilities that were reported to have been built were actually destroyed during the fighting and which existed only on paper. Yet Lebed will find it extremely difficult doing it now: As a rule, the embezzlers' tactic of destroying evidence in a fire, which has been honed for decades, does not fail.

Indeed why did the Dudayevites have to take Groznyy by assault? In order to show who is actually in control in the republic, as Maskhadov claims was the case? Or were the unimpeded "penetration" of the rebels into the city, the organized switch of the militia to the separatists' side, and the three-day inaction of federal forces just parts of one, carefully planned operation, in which both sides gained their dividends? The Chechens have demonstrated to the outside world that they are alive and combat ready, while the federal troops enabled "interested persons" to burn trillions of rubles allegedly spent on reconstruction work.

Back in January of this year President Yeltsin signed the edict "On Measures To Restore the Economy and Social Sector of Chechnya in 1996," under which the republic was to have received 16 trillion rubles from the federal budget and $1 billion in foreign loans, plus another 4 trillion rubles for housing construction and more than 1 trillion rubles for road repair and the funding of power generation facilities.

Naturally, far from the whole sum has been disbursed by the Finance Ministry: The treasury is empty, tax collection is a disaster, and the presidential campaign has taken its toll of the budget money... However, by some accounts, Chechnya has received approximately one-third of the planned appropriations. What has this been translated into specifically?

On the whole, according to the State Commission for the Restoration of the Chechen Economy, during this year 68 medical establishments, five hospitals, 12 polyclinics, and two maternity hospitals have been commissioned, and 416 of 450 schools have begun their work. According to Russian Construction Minister Yefim Basin, 22 new schools and about 20,000 apartments have been built in Groznyy, and the municipal water and gas supply systems have been restored by 80 percent. Recently, construction workers have finished construction of a virtually new building of the [Groznyy] railway station.

How much of this has remained intact after several days of fighting between the federals and the separatists? Particularly, of the railway station, which was the center of the main goings-on during the rebel-led assault on the Chechen capital?

Let us assume that the number of these facilities can still somehow be counted. But what sort of construction was under way at these sites — capital or just until the first gush of the mountain wind? How much money was there in the estimates and how much was spent in reality? Who can tell now...

Undoubtedly, dozens of major commercial firms involved in the "restoration" work one way or another have lined their pockets thanks to the "unexpected" surrender of Groznyy. In all likelihood, no investigation will be able to find out which firms these are specifically. But, frankly speaking, there is no need for any probes. All those implicated in this mad adventure of peaceful construction in war time — ministers, generals, advisers, and so forth — must be at least relieved of their duties. And then let them sort out among themselves why it is that the interior troops could not hold off the attacks by the "bandit formations" and why the Russian armed forces did not rush to rescue their encircled comrades.

In an atmosphere of universal cover-up and chaos one cannot achieve anything more tangible. The money that has "burnt" cannot be retrieved. The masterminds cannot be caught.

The only thing that can be realistically done is to remove the root cause of the cyclical crises. One cannot fight and build at the same time. In all likelihood it will be impossible to stop the war for some time. Too great are the egos of the Kremlin residents who do not want to realize that the two-year-old war is no longer just

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separatism on the part of a handful of local chiefs, but a manifestation of the will of the entire people to live according to their laws and customs. But if this is so, what remains is to halt the financing. Not to give them one single ruble for the endless construction of paper gas pipelines, schools, and residential houses. Not to pay one single kopeck until Chechnya finally abandons the idea of independence — or until it gains it with Russian permission. In the latter case we will not have to spend any money whatsoever.

But before this has happened, before a firm political decision is made, the fire of war will burn even stronger. The devastating tides will engulf Chechnya one time after another — as regularly as at least some real money will be sent there from Russia.

What is the use of investing money in something that is bound to be destroyed tomorrow anyway? Could anyone take it into his head to start restoring Stalingrad's residential areas in autumn 1942, when the definitive outcome of the battle was not clear by the time and the city changed hands, each time enduring fierce bombardments?

The labors of Sisyphus are good only when they are generously paid.

It is we who pay. The pensions that have not been received by the elderly people, delayed wages, meager children's benefits — these are all consequences of the financial policy Russia conducts in Chechnya. And this for the sole purpose of enabling someone to make another few billion rubles out of this war.

In all likelihood, we will never learn the names of these people. But how strong is the desire to spit in their arrogant, bloated faces!

Russia: Groznyy Attack Showed Rebels' 'Desperation'

MM1408111796 Moscow ROSSIYSKIYE VESTI in Russian 14 Aug 96 p 2

[Interview with Vladimir Zorin, chairman of the Duma Nationalities Committee, by Pavel Anokhin; place and date not given: "Neighboring States' Interests in Chechnya Conflict. Vladimir Zorin, Duma Nationalities Committee Chairman and Deputy Leader of the Federal Delegation at the Talks With Chechen Separatists, Comments on Chechnya Situation Specially for ROSSIYSKIYE VESTI"]

[FBIS Translated Text] [Anokhin] Vladimir Yuryevich, you are one of those politicians who knows about the state of affairs in Chechnya at first hand. What is the subtext to the bloody tragedy being played out in Groznyy? It had seemed, after the May accords in the Kremlin and the Nazran agreements, that everything had been sorted out....

[Zorin] That was why the fighting flared up. The documents signed in Moscow and Nazran were essentially a breakthrough in the complex Chechen crisis and they opened up huge opportunities for a peaceful settlement of the conflict. But, regrettably, there has been no diminution in the number of people wanting to destroy the peace process in Chechnya. And the recent action in Groznyy has been one of the most serious attempts to wreck it.

Sophisticated armed provocation is effectively an act of desperation by the Yandarbiyev group, which is scared of a galvanization of special operations by the federal forces. The separatists would very much like to stop these and preserve their latest resistance bases. And, undoubtedly, the opposing side wants to demonstrate to all representatives of the illegal armed formations that Dudayev's cause is in Yandarbiyev's hands.

This operation also conceals a desire to do moral and political damage to the Doku Zavgayev government, which has recently started strengthening its positions in rural areas.

Nor can we rule out a criminal aspect to the operation, which has been accompanied by the uncontrolled seizure of material and financial resources and people.

[Anokhin] Increasingly frequent rebukes have been leveled of late at the State Commission for Settling the Chechnya Crisis. Certain politicians believe that its leadership should be replaced or dissolved altogether. What is your attitude to these proposals?

[Zorin] I am quite relaxed about them, since these are not the first attacks on the actions of the Russian peacekeepers, who are tirelessly trying to find political rather than strong-arm ways to solve the problem. But the current campaign is very purposeful and dynamic in nature. Whereas previously it took the form of rebukes leveled at different offices, now it has spilled over into the papers and the TV.

The commission's negotiating line is tried-and-tested and is based on the solid foundation that Chechnya is a Russian Federation component, but the Chechen people have the right to their own identity in the sphere of culture and worship, and the right to equal relations. Chechnya should have a special status stemming from the history of our relations. Finally, the commission has been acting in full accordance with the plan ratified by the Russian president.

I see this campaign as an attempt to pin all the mistakes made by the military and the power departments on the

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State Commission, as well as to persuade the federal center to adopt an exclusively strong-arm solution to the problem. I want to emphasize that we had reports of a possible armed provocation at the time of our visit to Groznyy. Nonetheless, despite having a perfect moral right to remain in Moscow, we went to the republic so as to prevent any escalation of military operations. It is a shame that our appeal was not heeded.

[Anokhin] The parties to the talks with the Chechen side have prompted a major debate in the central mass media. Some people do not like Maskhadov, others dislike Yandarbiyev, others Zavgayev....

[Zorin] To my mind, on military issues we should hold talks with those doing the fighting, irrespective of whether we like them or not. The political issues should be examined with the participation of all real political forces. Incidentally, the shortcomings of our political position on this issue and a certain lack of clarity at the talks were also one of the reasons why the situation deteriorated. Now both sides need to specifically define concepts such as special military operations, the illegal bearing of arms, and the demilitarization of the republic's population. The question of exchanging information on zones of mutual responsibility in the conflict region has not been defined and, consequently, has not been implemented. Resolution of these problems will promote agreement.

[Anokhin] Once again there has been talk of certain political forces in Moscow power circles having an interest in the Chechnya war. But nobody is specifically identifying them. Who are they?

[Zorin] I cannot rule out the possibility that there are some deep-seated economic interests at work here — not for nothing is it said that some people have mothers, others have wars. In any military conflict there are whole groups of people who make a huge profit out of it. There are uniforms, food, and weapons to be supplied.

Certain neighboring states interested in seeing the North Caucasus and southern Russia turn unstable also have an interest in the conflict. The Chechen opposition today reflects the struggle being pursued all the forces which oppose Russia. There is a fierce battle under way in Chechnya for our state's territorial integrity, and it would be criminal to underestimate its seriousness. It is a geopolitical nerve not only for Russia but for the Transcaucasus, since it is the meeting point of two world civilizations.

But there are far more forces with an interest in a peaceful solution to the Chechnya conflict. And, thank God, we have been able to avoid religious conflict.

[Anokhin] How?

[Zorin] Through the wisdom of the religious leaders and the rich experience that Russia's different peoples have of living together. That is why peace in Chechnya is inevitable. And, sooner or later, everyone who opposes it — both in Moscow and in Chechnya — will find themselves politically marginalized.

[Anokhin] To what extent do you support the idea of instituting a state of emergency in the republic?

[Zorin] I am cautious about it. A state of emergency is not a panacea for any conflict, and it implies a strong-arm solution. But I take the view that only a political solution is possible. We must not try to scare Russians with reference to bombs on Moscow trolleybuses, just as we should not try to scare the residents of Chechen villages with infantry fighting vehicles and helicopters. I am convinced that we should firmly advocate the indivisibility and unity of Russia, but at the same time uphold the right of Chechens to their own identity.

Russia: Alleged Crimes Against Chechens Described

MM1408095896 Moscow IZVESTIYA in Russian 13 Aug 96 p 4

[Article by Grigoriy Punanov and Aleksandr Chuykov: "Why Is the War in Chechnya Not Being Called a War?"]

[FBIS Translated Text] How is one to explain the cruelty of Russian soldiers toward the population of Chechnya? Toward those whose rights and freedoms, according to officials, our Army is actually defending? How are we to understand those who make no great distinction between gunmen and civilians, formulating the image of the enemy not by actions, but by nationality?

One might recall Mikhail Barsukov, former chief of the Federal Security Service, who stated for all the world to hear: All Chechens, even if they have not yet committed a crime, are getting ready to do so. One might also cite the words of others, who, following the terrorist acts in Moscow, answered the question of how you distinguish a criminal from a decent citizen: by his Caucasian accent. Now that military tribunals are one after another handing out guilty verdicts against our soldiers, who are supposed to be defending the rights of the civilian population, we can see the consequences of THIS nationalities policy. A policy thanks to which the image of the enemy as the "Chechen gunman" has been transformed into simply "the Chechen."

To "Rodina" — for a Drinking Bout

The North Caucasian Military District military tribunal sentenced 22-year-old Private Oleg Korovin to 14 years in prison. His two accomplices, Dmitriy Shulin and

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Sergey Petrov, who turned just 20 a few days before the sentence, received six and three years respectively.

On that day, 6 July 1995, they had drunk heavily. The drinking bout ended toward midnight, and Oleg suggested driving down to the nearest settlement, which goes by the sentimental name of "Rodina" ["Motherland"], and "shaking up" the locals. They took other soldiers' assault rifles with them.

They chose the richest-looking house and started to knock. The terrified owner opened the door: He knew that it is best to be nice to such people. Korovin and Shulin burst in while Petrov remained on the street, "providing cover." First they beat the Chechen with their rifle butts; then they laid him on the floor and demanded money, gold, and drink.

Without success. In rage Korovin fired two shots: One missed the old man, the other hit him in the leg.

The noise of the shots was heard by a neighbor. He went out onto the street, thinking that help might be needed. Korovin stopped him with the shout: "Hands up!" The Chechen, who broke into a run, was shot in the back.

Between 0000 and 0100 hours the soldiers approached another house and started to knock at the gates. The owners half opened the door, looked out onto the street, and decided not to open the gates. Sergey cursed long and hard, and then stepped back about 20 meters and emptied out almost his entire cartridge clip against the house. Petrov and Shulin supported him. Fortunately, this time no one was hurt.

Between 0200 and 0300 the three set off back to their unit, empty-handed, having managed to steal nothing, but still not sober. At this same time several villagers set off on the one "Belarus" tractor they had for the nearest checkpoint. They wanted to ask for help. They did not manage to get far: The "brave lads" opened fire, shooting to kill. One Chechen was killed on the spot, two others were severely wounded.

A year later the soldiers told the tribunal that they had been shot at from the tractor. The tribunal did not believe them.

Many Russian soldiers currently imposing "constitutional order" in Chechnya doubtless believe that the war will excuse everything. And they very often justify their actions by reference to the cruelty of the enemy. But only those who have themselves not performed similar actions and will not do so have the right to condemn this cruelty. But in the 18 months of the war more than 1,200 criminal charges have been brought against our soldiers...

Going Fishing Without Documents? Shoot Him!

The personal example of commanders frequently incites cruelty in their men. The case of Senior Lieutenant Kuznetsov (the name has been changed at the request of the investigation) was submitted to the military tribunal back at the end of May. The hearing will begin in a few days' time.

At the present time, before the tribunal has delivered its verdict, we know only the version of the investigators. Kuznetsov was dispatched to the combat zone by the top brass 25 May last year. On 2 August his aide radioed to him from a checkpoint to say that they had detained a Chechen with a fishing rod who was not carrying papers. Kuznetsov ordered that the Chechen be brought to the unit.

He cross-questioned the fisherman personally, beating him and threatening him, and demanding that he confess to being a gunman. Having got nowhere, Kuznetsov conveyed the Chechen back to the checkpoint, blindfolded him, bound his hands, tied him to the upright of an exercise frame, and started beating him methodically. He said it was because Chechens had killed one of his friends the day before.

Having untied the by now half-dead Chechen, Kuznetsov ordered two soldiers to dig a grave and another nine to line up with their weapons ready. By this time Kuznetsov was heavily drunk.

When the senior lieutenant gave the order to fire, all nine privates fired into the air. Kuznetsov gave the command again. The Chechen remained standing on the edge of the freshly dug grave. Then Kuznetsov took his rifle from his shoulder, aimed it at his subordinates, and said: If he does not fall right now, I am going to shoot you all. Thus, keeping the soldiers in his sights, the senior lieutenant duly gave the order to fire.

Two days later relatives of the murdered man appeared at the checkpoint. They saw the freshly dug grave and asked for it to be dug up. Kuznetsov said that no one would dig up anything. Toward evening he ordered four subordinates to disinter the corpse, take it into the woods, and rebury it there. While digging up the corpse, they seriously damaged the body. But when they were taking it into the woods, the soldiers were spotted by the dead man's relatives.

"We Will Kill All Chechens"

The investigation into the case of two Russian soldiers who in early February of last year shot five elderly inhabitants of Chechnya has been continuing for almost 18 months. To the judges their crime seemed so savage

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that they had to send the so-called soldiers to the Serbskiy Institute for a psychiatric examination.

Aleksandr and Dmitriy were drafted into the Army in the fall of 1994, and by the end of January, having passed the "young soldiers' training course," they were already in Chechnya. A week later they were part of a T-72 tank crew guarding a post near a settlement in Groznenskiy Rayon. On that ill-fated evening they had drunk heavily. Not enough, in their opinion. Grabbing their Kalashnikov assault rifles they headed for the nearest settlement, which, incidentally, they had been guarding against gunmen. An hour later, after wandering aimlessly amid the houses and unsuccessful attempts to find more vodka, the two friends met Grigoriy M., a Ukrainian, born in 1929. The old man turned out to be kind, inviting them to his house with the words "My own dear sons!" There, a table was laid hospitably for an outdoor picnic "in honor of the defenders of the Russian-speaking population." As is the custom, the neighbors were also invited. All, without discrimination: Chechens and Russians alike. They were all aged around 70; they had lived through World War II, and now found themselves living through the second Russian-Chechen war.

From this point it is very difficult to establish what the subject of conversation at the table was, and why Aleksandr and Dmitriy suddenly declared: "We will kill all Chechens!"

Within a few minutes the slaughter began. Their military training had not been wasted — at a distance of 2.5 meters Aleksandr initially shot just one Chechen. The remaining guests and the host and hostess tried to hide: some in the house and some on the street. First the soldiers killed all the unwanted witnesses in the yard; then they began to search in the house. While doing this, they kept repeating: "One, two, three — anyone alive had better flee!" The last victims were the host and his wife....

The episodes described above are crimes that come under the heading of war. Our Army in Chechnya is fighting a war. And, as happens in war, they are destroying anyone who comes in their way. Both gunmen and civilians.

So then, even 18 months down the line, why not officially describe what is happening as a war? And why not admit: Russia has declared war on the Chechen people. Not on individual bandits, but on the people. People have long since realized this. But why are our politicians so frightened of this word — "war"? Why do politicians never tire of repeating: "It is not a war, but the imposition of constitutional order." Why did the Federation Council, when deciding what to call what is happening in Chechnya, reject this short and clear-cut definition?

There are probably many reasons for this. Not the least important is the purely juridical factor. In our Criminal Code (both the old and new codes) there are articles that provide for punishments for crimes committed by the military in wartime. In the old Criminal Code it was Article 267, "Violence toward the population in a war zone," which is clearly defined: "Robbery, the illegal destruction of property, violence, the illegal confiscation of property on the pretext of military necessity." In the new Criminal Code, which comes into force from 1 January 1997, there is a whole section — "Crimes against the peace and security of mankind." This contains not just one article, but several: "Planning, preparing, launching, or waging a war of aggression," "The use of forbidden means or methods of waging war."

However, all these articles do not "apply" at the present time. Because people can be convicted for such crimes only if they are committed in WARTIME. Therefore, if everything that is happening in Chechnya is officially recognized as a WAR, it will no longer be just soldiers and officers sitting on the bench, accused of common murder and robbery. The people of higher ranks will be there, and the charges will more serious.

But at the moment any court will say that the military chiefs are not guilty: After all, THERE IS NO WAR! It is just the imposition of constitutional order....

Russia: Dagestan Bomb Said Aimed Against Deputy Prime Minister

LD1308130496 Moscow INTERFAX in English 1251 GMT 13 Aug 96

[FBIS Transcribed Text] MAKHACHKALA, Aug 13 (Interfax) — Sources in law enforcement agencies in the internal Russian republic of Dagestan believe that the explosive device which blew up in Makhachkala, the Dagestani capital, on Tuesday morning was intended as a "terrorist act" against Dagestani Deputy Prime Minister Said Amirov. Amirov lives near the street where the explosion occurred this morning and passes by this street every morning at around the same time. His car was about 100 meters away from the site of Tuesday's explosion. Several attempts on Amirov's life have been made earlier.

Eyewitnesses said that about 30 minutes before the explosion an unknown man began advising passers-by to stay away from the manhole where the explosive device turned out to be planted, Interfax has learned. The man even drew away children playing near the manhole. He disappeared some 10 minutes before the explosion.

A composite picture of this man is currently being drawn.

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Economic Issues

Russia: Premier on Need To 'Normalize' Budget, Halt Tax Evasion

MM1408104396 Moscow ROSSIYSKAYA GAZETA in Russian 14 Aug 96 p 1

[Unattributed report: "Output Is Escaping Tax. The Budget Is Naturally Running Short"]

[FBIS Translated Text] Inflation in August is running at 0.5 percent. This figure was given yesterday by Russian Government Chairman Viktor Chernomyrdin, addressing the Russian Federation State Tax Service Collegium. The premier at the same time stressed that "the government has mastered the practical methods of regulating inflationary processes."

The head of government also noted that prices have risen by 15.5 percent since the beginning of the year. In the economy the level of unpaid debt remains high, barter continues to thrive, and the slump in production continues. There is "excessive generosity in granting various kinds of concessions and massive tax evasion."

In the premier's words, the revenue basis of the budget has been "narrowed and distorted." Up to one-fourth of GDP [gross domestic product] today is escaping taxation, and in the sphere of services and trade this proportion is around 40 percent.

The premier described the main task before the end of 1996 as normalizing the implementation of the budget. The minimum necessary expenditure, in his assessment, is around 130 trillion rubles [R], including R50 trillion for the power departments. This means, the head of government noted, that "not less than R60 trillion in additional budget revenue must be mobilized."

Russia: IMF's Thomas Wolff Discusses Russia's Fiscal Situation

MM1308155996 Moscow TRUD in Russian 13 Aug 96 p 4

[Interview with Thomas Wolff, head of the IMF's Moscow Office, by Mikhail Podvigin; place and date not given: "What 'Tune' Is the IMF Calling?"]

[FBIS Translated Excerpt] The IMF mission which tracks each month Russia's fulfillment of its commitments in connection with the granting of an IMF loan totaling $10.2 billion arrives in Moscow today. Attitudes to the IMF in Russia vary. For some people it is associated with U.S. control of the world's currency system while others regard it as an organ capable of providing significant financial support to help the country out of the economic crisis. TRUD's correspondent asked Thomas Wolff, head of the IMF's Moscow office, to talk about this world financial organization's tasks and activity. [passage omitted]

[Podvigin] Like other peoples we have a saying: "He who pays the piper calls the tune." What "tune" has the IMF called for from Russia for granting this unprecedentedly-large loan of $10.2 billion?

[Wolff] Almost every people knows this expression in one form or another. But when discussing the IMF's relations with Russia or any other country I would prefer to phrase it somewhat differently. The IMF's paramount aim is to serve its member countries and to help them overcome the difficulties that they are encountering. As for the "tune," these are its main notes. First and foremost this work has a definite aim: for example, the setting of parameters for the level of budget deficit and currency reserves. The reason for these conditions is not to show toughness. We proceed from a fundamental economic logic. Our terms are aimed at reducing the level of inflation in the country and making it as open as possible to international trade and the movement of finance. These medium-term tasks pursue a more important aim: to restore confidence in the country's currency and give the population an incentive to accumulate savings and place them in banks or other financial institutions so that these funds may be used efficiently.

Incidentally, I would like to talk about the so-called "money under the mattress." While this money is there it is not helping to develop the country's economy and does not earn its owner any interest. It would be better if this individual had confidence in his own currency in rubles and placed his savings in the bank: Then he would earn interest and the bank would loan that money to entrepreneurs to develop production. In addition, if inflation in the country is very low and the movement of capital and trade in general are liberalized this will create an incentive not only to foreign investors but to Russian investors too to come back and invest in the country's economy a considerable proportion of the money which was taken out of the country in the past.

Why is it so important to mobilize these savings? Because they are the basis for new investments which, in turn, will help to create and sustain rapid economic growth. This is the kind of "tune" that the IMF is calling on this occasion.

[Podvigin] Aleksandr Shokhin, first vice speaker of the State Duma, believes that Russia's abolition of export duties on oil on the IMF's insistence resulted in losses for the state budget which exceeded the size of the loan itself. What can you tell us about this? In your view, how is Russia fulfilling the commitments that it has made in connection with the receipt of the loan?

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[Wolff] I do not want to talk in detail about these questions. On the whole it may be said that Russia is meeting the commitments that it has undertaken in connection with the granting of the loan. We are currently discussing questions connected with the details of this program. In addition, I do not want to make official comments on remarks made by a Russian politician with whom we are working fairly closely.

[Podvigin] Nevertheless, I would like a more detailed reply to these questions.

[Wolff] Fine. I can add that Russia has achieved considerable successes within the framework of the program for expanded financing. As I have already noted, inflation in 1996 is continuing to fall. It is no secret that the main question for Russia is to halt the decline in tax receipts. It is very important to ensure that these receipts reach the initially planned level so that the budget deficit can be kept within reasonable bounds and inflation continues to fall. This is also extremely important so that the government can meet its commitments. I am thinking here about such things as the need to meet current payments, to avoid delay in the payment of wages to workers in the budget-funded sphere, and to meet expenditure on health, education, and the social sphere. It is encouraging that the government is working hard on these questions and is striving to improve the revenue situation which has developed.

Russia: Economy Ministry Forecasts for 1997 Viewed

MM1308144596 Moscow ROSSIYSKAYA GAZETA in Russian 10 Aug 96 p 9

[Report by A. Yevgenyev: "Prediction: Depression as a Precondition of Growth"]

[FBIS Translated Text]

Predicted Macroeconomic Indicators for 1996-1997 (as Percentage of Preceding Period)

Indicators	Economy Ministry Forecast for 1995		Results for First Half of 1996	Beletskiy's Forecast	
	Option I	Option II		1996	1997
GDP	99-101	97-99	95	94-96	100
Industrial Output	99-101	96-97	96	94-97	100
Agricultural Output	99	93	93	97	97
Capital Investments	101-104	92-94	86	90	100-103
Retail Trade Turnover	98	97	98	100	99-100
Inflation (monthly average)	1.9	3.5	2.3	1.9	1

The slump in the economy could be over as early as next year and the economy will enter a phase of zero growth. That is the opinion of Yuriy Beletskiy, deputy leader of the Russian Federation Economy Ministry's Department of Macroeconomic Forecasting and one of the authors of the projection of Russia's development in 1997. The draft will be examined by the new government.

Just as the Economy Ministry usually does, Beletskiy also hedges his prediction with a whole series of "if's." Many of them stem from the problems which appeared or were not resolved this year. As is evident from the table cited by us above, the ministry's forecasters predicted the inflation situation quite accurately according to option one — the best-case scenario and the situation in industry as a whole, agricultural output, and retail trade turnover according to option two — the worst-case scenario. The slump in GDP proved deeper than anticipated. Meanwhile, investments simply collapsed and actually went off the unusually broad scale of what was considered likely (104-92 percent).

According to Beletskiy, it was impossible to quantify accurately the whole range of factors generated by the extremely complex and anxious election atmosphere and the consequences of the steps dictated by it. For instance, the ratification of the budget was based on the adoption of a series of legislative acts and government

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decisions which on the one hand were designed to increase the tax yield and on the other ease the tax burden on commodity producers. But only part two of the plan was implemented. An expanded program of domestic borrowing was implemented ahead of schedule. It was not until April-May that bank funding of the federal budget reached 8-10 percent of GDP whereas investments in fixed capital were 12 percent of GDP with state investments less than 1 percent. The cost of borrowing rocketed with the result that the domestic debt rose from 12 to 19 percent of GDP and the figure for the redemption of state short-term bonds exceeded federal budget revenue. Arrears and the dictates of the election made it necessary to channel almost 50 percent of budget spending in the first half year into the funding of wages and wage arrears as against 27 percent in 1995. It is no wonder that expenditure on the "development budget" (investments and support for sectors) was squeezed to the limit.

Beletskiy does not expect that the situation will improve radically before the end of the year (see table). Possibly there will be a slight rise in investments (from 86 percent to 90 percent) and there will be an increase in agricultural output due to crop production. There is every reason to expect an average inflation figure of 1.9 percent a month. But a political factor could intervene here. Gubernatorial elections are approaching and they are just as important as the presidential election. And it cannot be ruled out that with an overstretched treasury and a tax shortfall the Finance Ministry and the government will resort to money-making methods that are not entirely proper. For example, the Central Bank will buy up securities issued by the Finance Ministry. This cannot be considered a direct Central Bank funding of the budget deficit but it is scarcely any different from it.

It is important to organize the proper collection of taxes right now, Beletskiy stresses, so that things can be organized differently next year. In this connection the analyst draws attention to one feature which is becoming increasingly clear in the Russian economy today: It is marked by peaks and troughs — in some places production is being wound down, in others it is increasing rapidly. Often within the same sector, furthermore. For example, while tractor production is falling generally, in Volgograd Oblast production rose 37 percent in the first half year whereas in Lipetsk Oblast it fell 21 percent and in Vladimir Oblast it fell by 78 percent. Here is another example. Mining and chemical industry output fell by an average of 6-14 percent but pyrites production rose 120 percent in the Republic of Bashkortostan. This increase is localized, unstable and is often linked to one major client. But it does exist. And the main thing is that the peaks and troughs are now greatly different from those that we had in previous reform years when the drop was almost vertical. In Beletskiy's opinion this is evidence that the Russian economy is entering a phase of depression — an interim phase which is largely inevitable between slump and growth. If inflation is held at 1 percent (13-15 percent a year) in 1997, as predicted, and the enormous yield on state short-term bonds is forced down, the Central Bank's refinancing rate will fall to 25-30 percent. As a result bank credit will become accessible to a broad range of producers. Enterprises, primarily those which are "growing," will be able to top up their circulating capital and seek investment resources, which will bring the long- awaited recovery to investment complex sectors — machine building, forestry and timber processing, the construction materials industry, and to some extent the chemicals and petrochemical industries. Meanwhile, the differentiation among producers will become even more marked in 1997. The most powerful ones will strengthen their positions whereas the weakest will lose theirs. Bankruptcies will increase and the unemployment figure will rise by 10-12 percent (according to Beletskiy's assessment the rate will be higher and if there is no further movement we will be living in conditions of stagnation in 1998-1999).

Beletskiy is convinced that foreign investments in Russia will not be as significant as in Eastern Europe — they are not on the same scale. This year, for example, according to the economists, they will be no more than 5 percent of total capital investments and 5-7 percent next year. But the structure of investments is changing — away from the state to the private sector.

The new situation presents new tasks. The budget, for example, must be formed in a different way. Operating according to the principle of "past achievements" merely preserves the old structure of expenditure but does not and cannot offer any new approaches. Property relations need to be regulated, Beletskiy believes. No single enterprise can function effectively if the functions of owner and manager are combined. The period of crazy money is a thing of the past and the main problem now is to rationalize production, cut costs, and ensure competent marketing. Whereas stage one of the reform was an attempt at crude adaptation to the demands of the market, producers now need to be more subtle and adept in their approach — they must focus on individual types of output, regions, and consumers.

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International Affairs

Ukraine: Foreign Minister on Talks With Dniester Delegation

LD1408124996 Moscow INTERFAX in English 1229 GMT 14 Aug 96

[FBIS Transcribed Text] KIEV, Aug 14 (Interfax-Ukraine) — Consultations between the Ukrainian Foreign Ministry and the leaders of the Dniester region of Moldova are aimed at intensifying Ukraine's participation in the settlement of the conflict between Moldova and its breakaway region, Ukrainian Foreign Minister Hennadiy Udovenko told Interfax-Ukraine in an exclusive interview.

The consultations began in Kiev on Wednesday.

The Dniester delegation at the consultations is led by Igor Smirnov, president of the self-proclaimed Dniester Republic.

The consultations have been coordinated with the Moldovan side, Udovenko said, stressing that Ukraine considered Dniester an unalienable part of Moldova.

Conditions have matured for Ukraine's more active participation in the settlement of the conflict between Moldova and its Dniester region, he said.

However, the key agreement should be reached by Chisinau and Tiraspol themselves, he said.

The Dniester region also favors Ukraine's more active part as that of a guarantor of the peace process, Udovenko said.

The Dniester leadership in particular has spoken out in favor of a Ukrainian peacekeeping battalion's participation in the separation of the conflicting sides.

"All of us are members of the team taking part in the settlement of the conflict," Udovenko said.

To resolve this problem, the consent of other participants in the Dniester peace process, including Moldova, Russia, and the OSCE [Organization for Security and Cooperation in Europe], is also needed, he said.

The positions of Ukraine and Russia with regard to the Dniester problem "converge in principle," Udovenko said.

Ukraine has emphasized the need to destroy a serious quantity of arms and ammunition in the Dniester region, he said.

Those at the consultations in Kiev considered the proposal of Russian Security Council Secretary Aleksandr Lebed that an enterprise to utilize immovable ammunition stocks be created in the Dniester region, he went on to say.

However, financing sources need to be found to settle this problem, the Ukrainian foreign minister said.

Ukraine: Trans-Dniester Leader To Arrive for Talks

WS1408074096 Kiev INTELNEWS in English 0221 GMT 14 Aug 96

[FBIS Transcribed Text] Kiev, Aug.13. A delegation of Trans-Dniesterian region of Moldova, headed by Trans-Dniesteria Administration leader Ihor Smirnov, arrives in Ukraine on Wednesday, according to Yuriy Serheyev, spokesman for the Foreign Affairs Ministry.

The delegation will hold meetings in Ukraine's Economic, Education, Culture and Agriculture Ministries, and Moldova's Ambassador to Ukraine Ion Nikolaye Russu [as received] will hold talks with Ukrainian and Trans-Dniesterian officials.

Ukraine: Ethnic Hungarian Views Controversy Over Memorial

AU1308182196 Budapest NEPSZAVA in Hungarian 12 Aug 96 pp 1,9

[Interview with ethnic Hungarian deputy Mihaly Toth by Andrej Kiss; place and date not given: "Anti-Hungarian Sentiments Are Not Typical in Ukraine — Subcarpathian Politician on the Verecke Memorial"]

[FBIS Translated Excerpt] I consider the increased national feelings to be an infant illness concomitant with the development of the only five-year-old Ukraine, Mihaly Toth, Ukrainian parliament's only ethnic Hungarian deputy, said. Toth, who is head of the Subcarpathian Community of Hungarian Intellectuals, explained to NEPSZAVA the reasons for the anti-Hungarian voices heard in the past few weeks.

[Toth] In Ukraine, the process of the state's development is laden with an extremely difficult economic crisis. This also has an effect on the spokesmen of national sentiments. However, on a national level, at the national parties, anti-Hungarian feelings have not yet been voiced.

[Kiss] Where can anti-Hungarian feelings be seen and in what form?

[Toth] Articles of this tone have appeared in Subcarpathia, in the local nationalistic press and in the similar papers in Kiev. All this can attributed to only one reason: the reaction to erecting the [Hungarian] settlement memorial at Verecke.

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[Kiss] Can the erection of a memorial turn into such a delicate issue in Ukraine?

[Toth] In my view, this would be a delicate issue anywhere in the world. Nonetheless, I condemn the tone, spirit, and contents of the statements made by the Ukrainian nationalists. At the same time, their concerns can also be understood to a certain extent. It has to be known that nothing had previously been said about erecting a mille-centenary memorial at Verecke before. At the session of the inter-governmental joint committee and during the talks of various Hungarian officials in Kiev and Ungvar, it was discussed how the Subcarpathian Hungarian people could suitably celebrate the mille-centenary. One suggestion was to restore the memorial column, which had been set up for the millennium, with a new inscription. Or a plaque could have been placed on it. There was no mention of a separate memorial or group of memorials. In my view, those who started all this made a politically mistaken decision.

[Kiss] Would the Ukrainian nationalists have accepted the original ideas?

[Toth] They were not asked. The plan would have been executed, accompanied by a bit of noise. In addition to the central Kiev leadership, the Subcarpathian local administration also supported the idea. [passage omitted]

National Affairs

Ukraine: Kuchma Appoints Ministers, Heads of Local Administrations

LD1308114096 Kiev UNIAN in Ukrainian 1600 GMT 8 Aug 96

[FBIS Translated Text] Kiev, 8 August — Ukrainian President Leonid Kuchma has signed decrees on personnel appointments in the Ukrainian Government. He also signed a decree appointing heads of local state administrations.

Mykhaylo Zhurovskyy has been appointed minister of education; Oleksandr Osaulenko [as received], minister of statistics; Bohdan Babiy [as received], chairman of the State Committee for Oil, Gas and Oil Refining Industry; Stanislav Syvokin [as received], chairman of the State Committee for the Protection of Consumers' Rights; Oleksandr Omelchenko, head of the Kiev City State Administration; Oleh Dyomin, head of the Kharkov City State Administration; Yuriy Karasyk, head of the Kherson City State Administration; Mykola Derkach [as received], head of the Dnepropetrovsk City State Administration; Mykola Kruhlov, head of the Nikolayev City State Administration; and Hennadiy Fomenko, head of the Lugansk City State Administration.

Ukraine: Constitution Committee Head Discusses Crimea, BSF

WS1308091196 Sevastopol FLOT UKRAYINY in Ukrainian 3 Aug 96 pp 1, 2

[Interview with Supreme Council Deputy Mykhaylo Syrota, head of the Supreme Council Constitutional Committee, by Second Rank Captain Mykola Huk in Kiev; date not given: "Ukraine's Constitution Means Political and Social Stability"]

[FBIS Translated Text] [begin box] Recently our correspondent Mykola Huk met in Kiev with Supreme Council People's Deputy Mykhaylo Syrota, head of the Supreme Council Constitutional Committee, and asked him to answer a number of questions. [end box]

[Huk] Mr. Syrota, you led the work on drafting Ukraine's Constitution. The basic law has been passed and is currently in effect. One of the primary questions around which a lot of disputes were held was the Crimean issue. Why?

[Syrota] In my opinion, there were no reasons to use the article of the Constitution entitled "The Autonomous Republic of Crimea" as a stumbling block. However, certain political forces which did not want to pass Ukraine's basic law used precisely this issue as a political card. This way they wanted to escalate political instability and gain political dividends for themselves and for their parties.

Contrary to the previous Constitution of Ukraine, we have quite clearly and broadly drafted the article on the Autonomous Republic of Crimea. In this article we have clearly outlined the legal framework of the autonomy: the kind of issues the autonomy shall deal with, the autonomy's range of competence, and the range of competence of the Cabinet of Ministers and the Supreme Soviet of the Crimean Republic.

A particularly dramatic moment during the passing of the basic law occurred during the voting on Section 20 in one package, regarding the state's symbols and on a separate section regarding the Constitution of the Autonomous Republic of Crimea. Finally, the leftists in the parliament agreed on the symbols; meanwhile, the rightists agreed on the fact that the Autonomous Republic of Crimea should have its own constitution which should be passed by the Supreme Soviet of the Autonomous Republic of Crimea and then approved by a simple majority of Ukraine's Supreme Council. The status quo was retained, given that the symbols were approved before the passing of the Constitution, and the Crimean Republic already had a basic law. Political passions calmed down, and I think that the article of the Ukrainian Constitution regarding the

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Autonomous Republic of Crimea is essentially normal. The Autonomous Republic of Crimea deputies approved this article. I think that there will be no more serious problems with Crimea in the political arena.

[Huk] What kind of status has been envisioned for Sevastopol in Ukraine's Constitution?

[Syrota] It is stipulated in two articles that the status of the cities of Kiev and Sevastopol is regulated by separate laws. The current Ukrainian Supreme Council has to pass the law on the status of those two cities in a timely manner.

[Huk] There were a lot of disputes around Section 17 of the basic law. What caused such problems?

[Syrota] This section stipulates that the deployment of foreign military bases on Ukrainian territory is forbidden. Thus, a strict agreement had been reached on the fact that no foreign military base can be deployed on Ukrainian territory.

While understanding that there is a certain kind of ambiguity with regard to the Russian Black Sea Fleet, it was stated in the provisional accords that the temporary stationing of foreign troops in Ukraine is possible only in accordance with international agreements which are ratified by Ukraine's Supreme Council. Sevastopol cannot be regarded as a foreign military base. We established an independent state and everything that was on its territory came into the possession of the Ukrainian nation. Therefore, the military bases in Sevastopol are not foreign bases, but Ukrainian ones. The problem of the Russian Black Sea Fleet should be resolved in the immediate future by signing international agreements, including the duration of the lease, with Russia, with eventual ratification by Ukraine's Supreme Council. This will be done for sure.

[Huk] How come Ukraine's Constitution does not stipulate the duration of the lease?

[Syrota] The draft constitution stipulated that this period cannot be longer than 20 years. This was proposed by our committee, but the majority in the parliament did not support this decision. Now, the specific deadlines will be outlined by international agreements which will have to be ratified by Ukraine's Supreme Council.

[Huk] Mr. Syrota, as we know, the bill on the status of foreign troops on Ukrainian territory was submitted to the parliament a long time ago. Why has it not been passed yet?

[Syrota] This depends on the makeup of the political forces in the current Supreme Council. Their positions were clearly expressed during the redrafting and passing of Ukraine's Constitution. The eccentricity of political forces also hampered the passing of the law on the Status of Foreign Troops on Ukrainian Territory.

However, given that currently this law will be directly linked to the approved Constitution, I believe that the constructive group of the Supreme Council deputies will force the submission of this bill for the Supreme Council's discussion, as well as its approval in a form which will be in line with the Constitution, which means with this provision of the Constitution concerning the status of foreign troops, as well as the status of Ukraine as a peaceful and nonbloc state.

[Huk] Crimean Tatars who were deported in the past have returned to Crimea. Why are they not mentioned in the Constitution?

[Syrota] Only one nation is mentioned in the Constitution, and that is the Ukrainian nation. However, the preamble contains an explanation that the notion of the Ukrainian nation means the citizens of Ukraine of all nationalities. Undoubtedly, this provision includes representatives of the Crimean Tatar nation, too. We are a multinational nation and there is no need to distinguish any specific nationalities or ethnic groups.

I would like to say something else. The Constitution contains many regulations which concern the rights of various national minorities and the indigenous nation. These rights are straightforwardly cited and they assure a harmonious development of the indigenous nation and national minorities.

[Huk] Mr. Syrota, since you were one of the authors of Ukraine's basic law, can you tell us what our nation will gain from it?

[Syrota] The situation which developed in Ukraine, in both sociopolitical and economic terms, was prompted not only by objective conditions, but also by the wish of certain political forces to create an unstable situation in order to prevent our state from being a powerful competitor to other states in the world.

Ukraine is one of the richest states in the world, no matter how paradoxical it may currently sound. Therefore, these artificial tensions now present in Ukraine prevent the stabilization of Ukraine's economy, as well as its political system. However, if there is no political stabilization, there will be no investments and normal work. People fear to investr money in enterprises since they have no confidence in the future. Undoubtedly, the passing of the Constitution will not feed the people or launch the production processes, but it secures political and social stability which is reliable proof for the entire world that Ukraine is resolving the most complicated issues on the path of mutual understanding, and not by

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force. This is the primary achievement of the Constitution. The Constitution is the final stage in the process of establishing the state and should serve as a foundation for further development of Ukraine in economic, political, and social terms.

[Huk] Thank you for the interview. The editorial staff wishes you further achievements in the legislative field.

[Syrota] Thank you, and all the best to all readers of FLOT UKRAYINY.

Ukraine: Donetsk Officials Ban Miners Rally

WS1308083896 Kiev INTELNEWS in English 0245 GMT 13 Aug 96

[FBIS Transcribed Text] Kiev, Aug. 12 — Striking another blow against labor, the Donetsk city executive committee has refused permission to the DonetskVuhillia workers' committee (strike committee) to hold a rally Wednesday in support of Mykhailo Krylov, the labor leader who was arrested on Aug. 1 for organizing strike activities and transportaion blocks during July's miners' strike in Donbas.

Currently under interrment in Kharkov oblast, Krylov faces three years imprisonment or two years of correctional labor for his alleged "organization and active participation in group actions violating law and order."

An official from the Donetsk city executive committee, Oleksandr Kushnir, said Monday that the strike committee will be prohibited from holding a rally on Krylov's behalf because at present, the Donetsk Court of Arbitration is considering a lawsuit, filed by the Donetsk Oblast Prosecutor's Office, on the forced dismissal of the workers' committee.

Despite the court decision, the strike committee intends to hold the meeting, according to strike committee member Serhiy Raspopov, who said the meeting will be held on the scheduled date and should draw 300 to 500 participants.

"In their actions miners will be guided by the Constitution of Ukraine, which gives the right to conduct the meeting," Raspopov added.

Acting Coal Minister Yaroslav Pidhaynyy said that the Coal Ministry is not responsible for the current lawsuits and legal actions being levied against miners and mining leaders.

"These actions are up to the mine managers," said Pidhaynyy at Friday's session of the government, chaired by First Vice Prime Minister Vasyl Durdynets. The minister was speaking out in response to a statement made by leaders of the DopropolieVuhillia trade union, who claimed that the Coal Industry Minister had ordered managers of coal extraction associations to bring corresponding claims in courts.

According to a spokesperson from Donetsk Oblast Court, the court is considering five claims filed by mining administrations demanding that the miners strikes be recognized as illegal. An employee of the court who requested anonymity said Monday that "additional claims will be filed."

In the meantime, the Nationwide Union of Workers appealed to the Office of the Prosecutor General with a demand "to immediately release mining activists and to terminate criminal cases against strike committee members for their organization of strikes and mass actions."

Authors of Monday's statement appealed to Parliament deputies with a request "to convoke an extraordinary Parliament session to review the Prosecutor General's comments on events in the mining regions."

"Dismissal of strike committees and the arrest of their activists are the prelude to a total offensive against organizations and people who protect the interests of workers," the union statement reads.

Ukraine: IMF Delegation Arrives in Kiev

LD1208190896 Moscow INTERFAX in English 1641 GMT 12 Aug 96

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 12 (Interfax-Ukraine) — A mission of the IMF's Second European Department has started work in Kiev on Monday, IMF Deputy Resident Representative to Ukraine Aleksandr Sundakov told Interfax-Ukraine.

Working meetings between the IMF's mission and officials of the National bank of Ukraine, The Finance Ministry and the Economics Ministry have been slated for the next few days, Mr Sundakov said.

Head of Mission Adalbert Knoble is expected to arrive in Kiev on August 14. According to Mr. Sundakov, the mission's objective is a study of fulfillment by Ukraine of targets of the Stand-by program.

The mission has also been vested with special powers to prepare negotiations on the start of a new program in Ukraine — the extended fund facility program for an economic restructuring, whose size may reach $2.5 billion, the IMF Representative said.

The mission may also discuss the possibility of granting Ukraine assets for the creation of a stabilization fund for the introduction of the Hryvnia within the framework of

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the last tranches of the Stand-by credit. The fund may amount to nearly $1.5 billion, Aleksandr Sundakov said.

The mission is to stay in Ukraine until August 22.

The size of the Stand-by credit in 1996 is a sum equivalent to 867 million USD, of which 300 million USD have already come to Ukraine. The IMF Board of Directors decided at its meeting on July 31 to give Ukraine the forth tranche of the Stand-by credit to the tune of around $100 million.

In 1994-1995 Ukraine received from the International Monetary Fund $1,526 million.

Ukraine: TU's Threaten 'Appropriate Action' Over Costs, Wages

MM1208113196 Kiev TRUD-7 (Weekly Edition for Ukraine) in Russian 9 Aug 96 p 11

[Report by Vladimir Kolinko under the "Topical Theme" rubric: "'Parashki' on the Road to the Hryvna"]

[FBIS Translated Excerpt] Kiev — Citizens of Ukraine have been presented with a not particularly pleasant surprise on the eve of the celebration of the fifth anniversary of Independence Day. A government decree has been published on new increases in apartment rents and the cost of municipal services. From 1 August the rent per square meter of living space was almost doubled and the tariffs on electricity, gas, heating, and hot and cold water were substantially increased. [passage omitted]

The Federation of Trade Unions of Ukraine has sharply condemned the government's decision. A resolution of the Federation Presidium notes that in recent months because of straitened circumstances half the country's population have been unable to pay for domestic maintenance services. Now the situation will deteriorate still further. The maintenance of a three-room apartment will cost a family 9-11 million karbovantsy, while the average [monthly] pay in Ukraine is 13.8 million, and in certain oblasts (for example Transcarpathian Oblast) it is actually half that sum. And although there is a provision granting the right to subsidies, many are unable to take advantage of it because of the unwarranted complexity of the application procedure. Moreover, the payment of subsidies, like wages, is many months in arrears.

"We have sent an official protest to the Ukrainian president," Valentyn Pozhydayev, first deputy chairman of the Federation of Trade Unions of Ukraine, says. "It notes that the Cabinet of Ministers is in breach of its own commitments under the General Agreement with the trade unions, not having held any negotiations or consultations with us before adopting a decree affecting the population's socioeconomic interests. We ask the president to oblige the government to hold talks with the trade unions within 10 days in order to work out measures to alleviate the negative consequences of the new tariff increases. The president and the Cabinet of Ministers have also been sent the Federation Presidium decision, the first point of which is a demand for the introduction of this government decree to be suspended until pay arrears to the working people have been paid in full."

Valentyn Pozhydayev relates that the Federation session discussed the possibility that the IMF's demands for a reduction in social programs and subsidies to the population could lead to an exacerbation of social conflicts. And the effectiveness of this Western aid was questioned ("Is the game worth the candle?"). Thus, at the same time as the decision was adopted to reduce state subsidies for housing and municipal services, the latest $100- million tranche of the IMF loan was allocated. This is less than $2 (or 350,000 karbovantsy) per inhabitant of the republic. At the same time the increase in tariffs on rent and municipal services will force every family to increase its monthly expenditure by between 1.5 million and 4 million karbovantsy (or $8-$20).

I asked Valentyn Pozhydayev how the Federation of Trade Unions would react if the government failed to meet its demands.

"The trade unions will take appropriate action," he answered. "The next session of the Federation Presidium is scheduled for 20 August — a few days before the official celebration of the fifth anniversary of independence. The issue of the development of the situation will be examined and an appropriate decision adopted. I fear that this will leave a bitter taste for the holiday. However, in the light of the situation developing in the country, we have no particular reason to celebrate...."

Economic Issues

Ukraine: Semi-Annual Foreign Trade Figures Released

WS1408074796 Kiev INTELNEWS in English 0221 GMT 14 Aug 96

[FBIS Transcribed Text] Kiev, Aug. 13 — The total volume of foreign trade in Ukraine during the first half of 1996 totaled $12.194 billion, including exports of $5.857 billion, and imports of $6.337 billion (deficit balance $480.5 million).

During this period, Ukraine traded with partners from 150 countries.

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Stolichnaya Gazeta reported that the largest volumes of export went to the Russian Federation (37.7 percent of the total volume), the United States of America (5.4 percent), China (4.3 percent), Germany (4.4 percent), and the United Kingdom (3.9 percent). The largest volume of imports came from the Russian Federation (44.1 percent), USA (8.3 percent), the United Kingdom (6 percent), and Germany (5.8 percent).

In the first six months, barter shares of the total export in Ukraine comprised 21.2 percent, and 15.8 percent of the total import.

Ukraine: Socioeconomic Situation in Lugansk Oblast Detailed

WS1408095096 Lugansk LUGANSKAYA PRAVDA in Russian 1 Aug 96

[Report attributed to Lugansk Oblast Statistical Administration: "On the Economic and Social Situation in Lugansk Oblast in the First Half of 1996]

[FBIS Translated Text] Let us focus our attention on a number of positive issues in the development of our national economy. First of all, the recession has been alleviated in the power engineering, oil- and wood-processing sectors, the forestry sector, and the glass industry, which registered an increase in their output in January-June 1996. Enterprises in Lysychansk, Rubizhe, and Rovenky, as well as Krasnodonskyy, Melovskyy, Novopskovskyy, Popasnyanskyy, and Troyitskyy rayons registered an increase in their output. As of late July, despite adverse climatic conditions, the agricultural sector registered an increase in the harvest yield of grain which stood at 19 centners per hectare (as compared with 17.2 centners in 1995). Milk and egg production also grew. Second, the financial situation continued to stabilize. Over the six months, the inflation rate on the consumer market increased by 23,9 percent (against 70 percent during the relevant period last year). In addition, the inflation rate in May and June was the lowest in the past two-three years. Industrial enterprises somewhat increased their profits (8 percent).

Unfortunately, attempts at halting the general drop in production in the oblast economy in the first six months of the year failed. In truth, it is not that high (15.7 percent), but it seriously destabilized the overall situation. One must note the following fact: the contrast between those economic entities that are operating efficiently and those that lag behind has become more stark. For example, the construction-materials industry registered more than a 200-percent decrease in its output; relevant indicators of the light and coal industries were significantly lower than the general oblast figures (they decreased by 35.1 and 32.1 percent, respectively). The value of foodstuffs produced over the first six months of 1996 — 23.4 trillion karbovantsi [K] — was 7.6 percent lower (in comparable prices) than the value of foodstuffs produced last year.

The downward trend in agricultural produce purchases continued. Milk production, for example, fell by a mere 9 percent over the six months, but the purchase of milk from producers went down by 31 percent and stood at 60,000 tonnes. While the production of eggs increased by 4 percent (165,5 million eggs), purchases of eggs decreased by 19 percent as compared with the relevant period in 1995. What does this show? Perhaps that, just like in the past, attempts at setting up parity relations between the agricultural and industrial sectors and the trading sector failed and no incentives were provided for producers of agricultural products.

The demographic situation in the region is as follows: as of 1 July, the population of Lugansk Oblast was 2.766 million people, i.e. 0.8 percent less than in early 1996. The primary reason for the decrease of population is a natural one: the mortality rate exceeded the birth rate and stood at more than 15,000 people over the past six months. In statistical terms, this is almost the same number as the population of Melevskyy rayon. Almost all regions of our oblast registered a decline in the birth rate and an increase in the mortality rate. The reduced population was also partly due to the migration of people. The migration balance was negative and stood at 6,500 people. Incidentally, migration to rural areas increased (800 people). The urban population began to change their places of residence more often.

The crime situation remained complicated, despite the fact that in the first half of the year a general decrease in the crime rate — including corruption — was registered. Crimes requiring high "professionalism" and organization became more popular. For example, the number of bribery cases increased by 28 percent (90 cases), the number of fraud cases increased by 81.4 percent (762 cases), the fabrication and sale of forged money and securities went up 3.4-fold (146 cases).

In conclusion, we provide some figures which, in our opinion, will be of interest for our readers, irrespective of their profession, financial standing, and so on. During the first half of 1996, the retail trade turnover was worth K37.980 billion and decreased by 3.4 percent as compared with January-June 1995. The value of the consumer basket for one individual in Lugansk Oblast stood at K14.6 million, while the worker's monthly income was K14.1 million. The number of workers employed at privatized enterprises exceeded 44,800 people; as compared with the relevant period of the previous year, the tempo of privatization of enterprises ac-

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celerated. The number of privatized enterprises grew 5.5 times. In June, the average wage of workers employed in the oil-processing industry was the highest. The wage in the majority of machine- building enterprises stood at K5.8-7.8 million. Employment agencies registered 12,700 people, 11,500 of whom were granted the status of unemployed.

The analysis of the January-June performance of the Lugansk Oblast economy showed that despite a certain revival of some sectors and enterprises, a less significant drop in industrial and agricultural output, a reduction in the inflation rate, an increase in consumer prices, and the stabilization of the trade turnover, the general situation still remained complicated. A considerable effort will have to be made by power and management bodies and labor collectives to perpetuate positive trends and to remove negative ones. Our oblast has such opportunities and it is extremely important to take advantage of them throughout the oblast.

Ukraine: Fifty Unprofitable Mines To Close by End of 1996

WS1408074196 Kiev INTELNEWS in English 0221 GMT 14 Aug 96

[FBIS Transcribed Text] Kiev, Aug. 13 — Fifty of Ukraine's unprofitable mines will be shut down by the end of 1996 and in the first quarter of 1997, according to Coal Minister First Deputy Yaroslav Pidhaynyy, who noted that 34,000 employees will be affected by the closures.

Speaking in Kiev at Tuesday's session of the State Interdepartmental Commission on issues related to mine shutdowns, Pidhaynyy said the shutdowns will require KBV100.2 trillion, in addition to expenses for the construction of housing and the creation of new jobs for miners.

Pidhaynyy said that World Bank loans will be sought for the shutdowns, in addition to budget allotments.

On July 11, a $28.5 million agreement between the World Bank and Ukraine was signed in Washington D.C. egarding the implementation of a pilot project to close three mines in Donetsk oblast. Of the above sum, $15.8 million is World Bank's credit.

An accord was also achieved for a loan of $80 to $100 million for the shutdown of 20 unprofitable mines and a credit will be allocated for industry restructuring. The $300 million credit will be provided in two installments of $150 million each throughout the years 1996-1997. The first installment will be received in October-November this year.

Tuesday's session was attended by representatives of the coal mining regions' oblast and city administrations, including Donetsk, Lugansk, Dnepropetrovsk, Lvov, Kryvyy Rih, Zhytomyr, Volyn and Cherkasy oblasts, leaders of the Coal Industry Ministry, and other officials. It was chaired by First Vice Prime Minister Vasyl Durdynets.

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Belarus

Belarus: Ukraine's UNA Members To Be Tried 21 Aug

WS1308113396 Minsk Radio Minsk Network in Belarusian 0400 GMT 13 Aug 96

[FBIS Translated Text] The Minsk Central District Court in Minsk has decided to try a case of seven Ukrainian citizens, UNA-UNSO [Ukrainian National Assembly-Ukrainian National Self-Defense] members, who were detained on 26 April in Minsk. As Central Court Chairman Ihar Zhdanovich told a BELTA correspondent, the case will be tried on 21 August at the Minsk City Court. The detained persons face charges on two Criminal Code articles — organizing or participating in group actions which disturb public order and showing disrespect for the police.

Belarus: European Bodies To Examine Constitution Amendments

WS1308113296 Minsk Radio Minsk Network in Belarusian 1200 GMT 13 Aug 96

[FBIS Translated Text] It is planned that a draft of amendments and changes in the Belarusian Constitution, which is now being devised by the Presidential Administration according to a working schedule, will be published in the press on 3 September. This is what Mikhail Padhaynyy, chief of the Main Department of Public and Political Information at the Presidential Administration, told BELAPAN. Right now, the document is being translated into three foreign languages so that it can be sent to European legal institutions for examination.

Belarus: Parliamentary By-Election To Be Held 24 Nov

LD1208165696 Moscow ITAR-TASS in English 1641 GMT 12 Aug 96

[By Valentina Menshikova]

[FBIS Transcribed Text] MINSK, August 12 (Itar-Tass) — A parliamentary by-election will be held in Belarus on November 24, the Central Electoral Commission decided on Monday.

"The date of the by-election has been fixed in full compliance with an appropriate resolution of the Supreme Soviet. The voting will be held in 61 constituencies, in which parliament members were not elected," acting commission chairman Aleksandr Zhuk said.

Belarus: Defense Minister Leaves for Moscow To Attend CIS Council

WS1408075796 Minsk BELAPAN in English 0710 GMT 14 Aug 96

[FBIS Transcribed Text] Minsk, 13 August — As a BELAPAN correspondent was informed at the Defense Ministry press office, on the evening of August 13, the head of the Belarusian military office, Lieutenant General Leanid Maltsaw, left for Moscow to attend a session of the CIS Council of Defense Ministers scheduled for August 14. On the completion of the session Leanid Maltsaw is expected to meet with the recently appointed defense minister of the Russian Federation, Colonel General Igor Rodionov, to discuss a number of matters related to Belarusian-Russian cooperation in the military field.

Belarus: Roundtable Talks To Begin on 21 Aug

WS1408075896 Minsk BELAPAN in English 0710 GMT 14 Aug 96

[FBIS Transcribed Text] Minsk, 13 August — The organizing committee of the roundtable meeting with the participation of representatives of political parties and the branches of power has set the preliminary date of the round table. As committee chief Valyantsina Svyatskaya informed a BELAPAN correspondent, the meeting will start at 1000 a.m. on August 21. Choice of the place of the roundtable is still to be finalized. According to Mrs. Svyatskaya, the organizing committee will begin to send out official invitations to potential participants on August 14. One more invitation with the preliminary date will be extended by Mrs. Svyatskaya herself to President Alyaksandr Lukashenka.

Belarus: Front Urges Anti-Dictatorship Drive Instead of Roundtable

WS1308091596 Minsk BELAPAN in English 0624 GMT 13 Aug 96

[FBIS Transcribed Text] Minsk, August 12 — The Belarusian Popular Front (BPF) has made a proposal to transform the organising committee of the national round-table meeting into a Coordinating Interparty Committee for "defending independence and the Constitution against dictatorship and the anti-democratic referendum." The BPF's statement in this regard reads that this proposal is put forward "because of the President's refusal to participate in the round-table meeting of all the branches of power and political forces." The BPF urged all its partners in the organising committee not to hope for "assistance from Moscow" in the fight against dictatorship in Belarus, because "Moscow was satisfied and is satisfied with the regime in our country,

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if only that it protects Russia's economic and political interests." "Only our own labour and making people's spontaneous protests organised, will yield a lasting and real result," the statement reads.

Moldova

Moldova: Presidential Candidate: Moscow 'Key' To Solving Dniester Crisis

AU1208162896 Chisinau INFOTAG in English 1930 GMT 9 Aug 96

[FBIS Transcribed Text] Chisinau, August 9 (INFOTAG). "The key to solving the Dniester problem is in Moscow", declared the candidate for the position of the President of Moldova from the Party of Democratic Forces (PFD) Valeriu Matei at Friday press-conference.

According to his words, this Dniester conflict is caused not by ethnical or economical, but purely political reasons. "If Russia did not support Tiraspol, the Dniester issue would have been resolved long ago," he said.

In case Matei is elected the President of Moldova, he sees the solving of this problem in granting this region local autonomy.

After formation of the Civil Movement in the support of Mircea Snegur during presidential elections the Party of Democratic Forces (PFD) remained the only political organization in the opposition to the state authorities in Moldova, declared at Friday press-conference its chairman Valeriu Matei.

According to his opinion, many of the ones that joined this movement are little-known "Chisinau parties," which do not have party structures. As far as the structures of PFD go, according to the words of Valeriu Matei, presently they exist in 36 regions of Moldova, and also in the municipal areas of Chisinau and Balti.

Touching upon the problem of the number of Moldovan parties and movements, Matei said that many of them do not have 300 members right now as it is required by the legislation of the country. "If the law on political parties and movements stipulated three thousand members at the moment of the registration of the party, Moldova would have but two or three parties left," said the candidate for the position of the president of Moldova from PFD, Valeriu Matei.

Again he emphasized that PFD speaks not only against military-political relations of Moldova within the structures of CIS, but also against economic relations. They believe in the party that Moldova should build relations with the republics of the former USSR on the basis of bilateral relationships only.

Moldova: Dniester Leader Cited on 'Normalization' With Chisinau

AU1208163996 Chisinau INFOTAG in English 1930 GMT 8 Aug 96

[FBIS Transcribed Text] Tiraspol, August 8 (INFOTAG) — President of non-recognized Dniester Republic Igor Smirnov spoke for the soonest signing of Memorandum on normalization of relations between Moldova and Dniester.

Speaking at a news conference on Wednesday Smirnov reminded of the main stages of negotiations process between Chisinau and Tiraspol. Among them he pointed out Mutual Agreement of April 28, 1994, in which it was declared of determining state-legal status of Dniester region, agreement on non-use of force between the sides.

Smirnov calls an important step the minutes of coordinated issues, signed this April, which provided for Dniester having its own Constitution, special laws on languages, its own symbols. This document opened the path towards the development of Memorandum on normalization of relations between Moldova and Dniester.

Dniester's President expressed his bewilderment regarding the position of the president of Moldova Mircea Snegur, who initially backed the draft of the Memorandum and later not only introduced a number of considerable changes, but rather spoke against the signing of it before presidential elections.

"Mircea Snegur changed the draft of the Memorandum and declared that granting Dniester the status of a republic contradicts Moldova's Constitution. In this case it could be said that the whole negotiation process contradicts the Constitution of Moldova, but this can by no means signify that the negotiations should be given up," emphasized Igor Smirnov.

He welcomed the position of Prime-Minister Andrei Sangheli and of the chairman of Moldova's Parliament Petru Lucinschi, who speak for the signing of Memorandum. According to his words, "they think about a way to normalize the situation and are motivated by the interests of the peoples from the two banks of Dniester, while Mircea Snegur puts the interests of election campaign above the interests of the people and is not concerned with the danger of destabilizing the situation and creation of a new flash-point of tension. A high price was paid for normalizing the situation and we need to work on rapprochement of the positions and continue negotiation process," pointed out Tiraspol leader.

In his opinion, the signing of the Memorandum is a primary condition for this. He believes that it is not

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surprising that the meeting set for July, 24 did not take place, since in the situation of Mircea Snegur's refusal to sign Memorandum, there's nothing to discuss.

Igor Smirnov is convinced that the Memorandum would allow to obtain guarantees of the preservation of stability in the region, would give new motivation for the experts group to develop main documents on the settlement of the conflict and would give an opportunity to extend economic relations and solve urgent economic problems. President of non-recognized Dniester Republic Igor Smirnov believes that the main internal problem, that demands prompt solving is overcoming economic crisis. At his news conference on Wednesday Smirnov declared that Tiraspol administration will be taking tough measures in this direction.

According to his words, despite some protests transferring enterprise to joint-stock companies, introduction of mixed and more effective forms of property is under way and should promote the revival of the enterprises. He emphasized that a lot of enterprises have already achieved certain growth. Igor Smirnov declared that he will not sign the Budget law and will not allow it to fully come into operation since "it contains a number of impermissible regulations." The Supreme Soviet of Dniester worked on the law for almost half a year and with great effort passed it before summer parliamentary vacations. Smirnov said that he intends to regulate the republic's economy with his decrees according to the powers granted to him. Dniester's president also spoke for reduction of administrative staff and changing of the structure of the government towards reduction. Obviously, this will happen after presidential elections in Dniester, when the new government is formed.

Igor Smirnov's authority ends at the end of this year, but the date of elections is not set yet. It is supposed to be established by the Supreme Soviet of Dniester at the autumn session. The Tiraspol legislative body is expected to pass a new election law, which has already been discussed by the local government and submitted to the Parliament for consideration.

Moldova: Platoon To Take Part in War Games in U.S.

LD1208114596 Moscow INTERFAX in English 1101 GMT 12 Aug 96

[FBIS Transcribed Text] Chisinau, Aug 12 (INTERFAX) — A platoon of Moldova's special Pulger task force is leaving for the United States to take part in a military exercise as part of NATO's Partnership for Peace program.

Maj. Viorel Chubotaru, the Moldovan Defense Ministry's spokesman, announced that the exercise, to be held in North Carolina, will be the biggest held on U.S. soil this year. About 1,500 troops from 19 countries will be taking part.

The Moldovan platoon will be participating in NATO's program for the third time. Earlier this year it took part in maneuvers in Bulgaria and Ukraine. Before that, Moldova's participation in exercises was limited to the presence of groups of military observers.

Moldova: 'Hidden' Arms Depot Discovered in Dniester

AU1308184996 Chisinau BASAPRESS in English 1930 GMT 12 Aug 96

[FBIS Transcribed Text] Rabnita/Tiraspol 12/08/1996 (BASA-press) — Authorities in Rabnita, a city in Dniester, have recently detained a group of Ukrainian teenagers who held ammunition from the former 14th Army.

The inquiry revealed that the teenagers took the ammunition from a hidden store they chanced upon near Colbasna. BASA-press learned from the Tiraspol-based Russian troops command that the military prosecutor's office opened a penal file on the secret store. The quoted sources noted the huge amount (some 100.000 metric tons) of ammunition stored in the Russian troops' depositories in Colbasna, several hundred meters from the Ukrainian border, attract numerous criminal arms dealers.

The inquiry does not rule out the version that the store was set up in 1995 by the Dniester military during "the planned liquidation of the non-transportable ammunition" initiated by Lieutenant General Valeriy Yevnevich after taking over the Russian troops command.

Over this period media reported illegal transfer of ammunition from Colbasna to the Dniester army.

The Russian troops command denied these reports. However, they did not allow Moldovan Defence Ministry representatives to participate in the selection and liquidation of outdated ammunition. A Russian troops officer hinted that a huge amount of ammunition was stocked in the secret store probably for illegal sale.

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Kazakhstan

Kazakhstan: Paper Refutes Allegation of Chinese Separatists in Almaty

LD1208134196 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 10 Aug 96 p 1

[Unattributed article: "Kazakhstan Is Against Separatism"]

[FBIS Translated Text] The [Russian] newspaper IZVESTIYA published an article on 7 August by A. Platkovskiy under the headline "Chinese separatists hiding out in Kazakhstan". Quoting Western news agency sources, the article claims that leaders of a Muslim movement which wants China's Xinjiang-Uighur Autonomous Region to become an independent state, are supposedly hiding out in Kazakhstan. The Kazakh Foreign Ministry's press service has issued the following comment on the article:

On the territory of the republic there are no officially registered organizations whose activities could include any moves toward separatism, and neither are there, to quote the article, "separatist leaders hiding in Almaty." Furthermore, both Kazakhstan and China condemn any moves toward separatism and both countries maintain a strict policy of preventing the activities of any separatist organizations and political parties on the territory of each country which are directed against the other.

This stand is the basis of the joint Kazakh-Chinese declaration which was signed during Chinese President Jiang Zemin's official visit to Almaty last month. The declaration has the status of an international agreement which must be strictly adhered to.

Adhering to the basic principles of international relations, Kazakhstan maintains a policy of noninterference in the internal affairs of neighboring countries and respects their territorial integrity.

In this connection the publication in IZVESTIYA of information which intentionally or not is directed at undermining good-neighborly relations between two states and which, by the way, has been refuted by Chinese officials, can only be regretted.

Kazakhstan: Military Official Announces Formation of Border Guards

LD1308091596 Almaty Kazakh Television First Program Network in Russian 1400 GMT 12 Aug 96

[FBIS Translated Text] At a press conference today Bolat Zakiyev, commander of Kazakhstan's border troops, announced the formation of the state border guard force.

[Correspondent] When four years ago, on 18 August, President [Nursultan] Nazarbayev signed a decree to form Kazakhstan's border troops, Kazakhstan inherited [from the Soviet Union] 1,718 km of borders with foreign countries, plus 56 km of Tajik-Afghan border guarded by a Kazakh battalion. If we add to that the 49,000 people who cross the border every month, then one can imagine the volume of work facing our border guards.

Although, as Bolat Zakiyev, chairman of the State Border Guard Committee, stated, the total number of border infringements decreased by eight percent, attempts to smuggle contraband are continuing. There are border violators there. Since the beginning of the year 141 such violators have been detained, including 76 deserters from China and countries of the other far abroad countries. Attempts to leave for abroad illegally increased by 26 percent compared with 1995.

There are problems of an internal nature, such as discipline among the troops and evasion of conscription for military service. Up to 15 percent of recruits are sick. But all these are problems of the transitional period, believes Bolat Zakiyev. The troops' contacts with local administrations along the border are being established on a new level. A system for these to give practical help to the border guard troops is in operation, starting from material assistance to issues of guarding the border and monitoring observance of the border regime.

Proceeding from the strategic tendency toward integration, a specific role is given to relations with Russia. In order to carry out the agreed decisions and ensure the sides' cooperation in guarding foreign borders, operational groups of border troops of the Russian Federation have been formed in the Republic of Kazakhstan and, correspondingly, of Kazakhstan in Russia.

Kazakhstan: Amnesty Granted for Army Deserters

LD1308130596 Moscow ITAR-TASS in English 1308 GMT 13 Aug 96

[By Vladimir Akimov]

[FBIS Transcribed Text] ALMATY, August 13 (Itar-Tass) — The law "On Amnesty" came into effect in Kazakhstan on Tuesday [13 August], which stipulates that the deserters who return to their army units before October 15 voluntarily, will not be tried by the military tribunal.

The enforcement was timed with the first anniversary of the adoption of the Kazakhstan Constitution.

According to the republic's chief military Prosecutor Lieutenant-General Yuriy Khitrin, servicemen penalized

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for some other offences in the past will also be exempt from responsibility under the new law.

Approximately 3,000 people will be amnestied, including those found guilty of self-mutilation. At least 300 young men, currently serving sentences in disciplinary battalions will be granted amnesty, Khitrin said.

Tajikistan

Tajikistan: Rakhmanov Talks With Top Russian Officials

LD1208184196 Moscow INTERFAX in English 1812 GMT 12 Aug 96

[From the "Presidential Bulletin" feature: No 153 (1146)]

[FBIS Transcribed Text] [no dateline as received] President Emomali Rakhmanov has recently met several top Russian officials and discussed with them problems of Tajikistan's security.

The meetings took place during Rakhmanov's visit to Moscow to take part in Boris Yeltsin's inauguration as Russian president.

On Saturday [10 August] the Tajik leader met the director of the Federal Border Guard Service, Gen. of the Army Andrey Nikolayev. Rakhmanov and Nikolayev expressed concern over the current situation on the Tajik-Afghan border and suggested that extra measures be taken to tighten control of the border in view of the concentration of Tajik armed opposition forces along the frontier on the Afghan side, Rakhmanov's chief spokesman, Zafar Saydov, told Interfax.

The same day the Tajik president met the head of the Federal Security Service, Nikolay Kovalev, Saydov said.

He said Rakhmanov and Kovalev had called for closer cooperation between the Russian and Tajik security services "in line with the decisions taken at the conference of heads of security services of countries of the Commonwealth of Independent States [CIS] in Dushanbe in April 1996."

Previously Rakhmanov met recently-appointed Defense Minister Igor Rodionov, the spokesman said. This was the first meeting Rodionov had had as defense minister with a head of state of a CIS country.

Saidov said Rakhmanov and Rodionov had exchanged opinions on a wide range of issues relating to the CIS collective peacekeeping force in Tajikistan and discussed present-day developments on the Tajik-Afghan border.

They also discussed military cooperation between Tajikistan and Russia, including Russia's training of personnel for Tajikistan's armed forces and supplying them with armaments.

Meanwhile the situation in Tajikistan remains grave.

Tajikistan's Defense Ministry on Sunday [11 August] accused the opposition of opening fire in Tavil-Dara district, about 200 kilometers (120 miles) east of Dushanbe, earlier that day.

One government army serviceman was killed and 13 wounded as opposition forces fired at army positions in the villages of Shoraburun, Chorsumibolo, Langar and Kalaikhusein, located several kilometers from Tavil-Dara, the ministry said in a statement.

The same day Tavil-Dara itself came under opposition mortar fire, which caused deaths and injuries among civilians, but the numbers of casualties were still unclear, the ministry said.

The statement qualified the attacks as "yet another violation" of peace agreements reached in Ashgabat, Turkmenistan.

The government troops remain on the positions the Ashgabat agreements restrict them to and "are taking solely retaliatory, defensive action," the document said.

"The leadership of the Ministry of Defense of Tajikistan, condemning the unwillingness of the leaders of the armed Tajik opposition to settle the conflict in a nonviolent way, reserves the right to take appropriate measures if opposition forces continue their provocations," the ministry said.

Tajikistan: Rebels 'Massing' on Tajik-Afghan Border

LD1308125996 Dushanbe Radio Tajikistan Network in Tajik 1000 GMT 13 Aug 96

[FBIS Translated Text] The situation remains complicated on the Tajik-Afghan border. Lt-Gen Pavel Tarasenko, commander of the Russian Border Troops in Tajikistan, told journalists that opposition fighters numbering up to 700 people have been registered as massing on the Shugnan sector of the Kalai-Khumb border detachment on the Afghan border. The fighters' aim is to cross the border and enter Tajikistan's Tavil-Dara zone. The commander said that measures have been taken to prevent fighters from crossing the border illegally.

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Tajikistan: Opposition Spokesman Says Government Breaches Cease-Fire

LD1308152396 Voice of Free Tajikistan in Tajik 0600 GMT 13 Aug 96

[FBIS Translated Text] According to the Ministry of Defense of Tajikistan, as a result of severe clashes during recent days in Tavil-Dara district, one soldier of the regime's forces was killed and another 13 were wounded. A spokesman for the regime's Defense Ministry press center gave this report and said that Tajik troop positions were fired on in the villages of Shorak, Gurum, Langar, Chorsui Bolo, and Qalai Husayn. Likewise, Tavil-Dara itself was subjected to mortar fire. Cited this evidence, the press center accused the United Tajik Opposition of breaking the cease-fire agreement.

Davlat Usmon, deputy leader of the Islamic Movement of Tajikistan and (?chairman of the economic department) of the Islamic Movement of Tajikistan's troops, described this claim by the Tajik Ministry of Defense as groundless. He stated that, through the fault of the regime, the cease-fire agreement achieved at the Ashgabat talks was not observed for even an hour. The government of Tajikistan did not give the UN military observers any opportunity to deploy in the area. Heavy air and land attacks over mujaheddin positions continue every day. Even yesterday, Russian aircraft bombarded villages around the center of Tavil-Dara district. It is senseless to mention the cease-fire agreement in this situation, Davlat Usmon said.

Tajikistan: Opposition Continues To Violate Cease-Fire in Tavil-Dara

LD1308171896 Dushanbe Radio Tajikistan Network in Russian 1000 GMT 13 Aug 96

[FBIS Translated Text] The public information center of the Security Ministry of the Republic of Tajikistan reports that, despite the joint statement to cease combat actions and observe the Tehran agreement signed in Ashgabat between the government delegation of the Republic of Tajikistan and the leadership of [Islamic] opposition, armed formations of the irreconcilable part of the Tajik opposition are continuing illegal actions and provocations.

For example, opposition fighters fired on positions of government troops in the Tavil-Dara sector with machine-guns and submachine-guns throughout a 24-hour period on 10 August this year. As a result of the shooting seven government servicemen were wounded and one tank was damaged by a mortar launcher. The firing was carried out from the rear of the government troops.

Government troop positions were shelled by the same armed formations with mortars and rocket missiles on 11 August. As a result two servicemen were killed and 13 others were injured. There are casualties among Tavil-Dara civilians. Moreover, a government troop armored personal carrier was blown up by a mine laid by the fighters. It should be mentioned in particular that the recently increased activity of the armed opposition in Tavil-Dara is explained by transfer of a (?large quantity) of forces and arms from the Islamic State of Afghanistan.

Tajikistan: Islamic Radio Views New National Revival Bloc

LD1208170496 Voice of Free Tajikistan in Tajik 0300 GMT 12 Aug 96

[FBIS Translated Text] People have spoken about the newly-formed National Revival Bloc and have also expressed the position of the Dushanbe government towards this bloc. I want to express the attitude of the [Tajik Islamic] opposition on this:

The Tajik opposition has accepted this occurrence very calmly, in contrast to the Dushanbe government, and its position, which it has maintained throughout its struggle, is that two parties are now recognised in Tajikistan —one is the government and the other is the opposition. Any other group that wants to enter the arena of struggle must join one of these parties. Simply setting up a third party will not solve the problem in Tajikistan but, rather, it will make it more complicated.

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Armenia

Armenia: Ter-Petrosyan, Karabakh Leader Discuss Course of Talks

NC1308160096 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 13 Aug 96

[FBIS Translated Text] Armenian President Levon Ter-Petrosyan met today with Nagorno-Karabakh Republic [NKR] President Robert Kocharyan, who is in Yerevan on a working visit.

The two presidents examined the process of negotiations on the Karabakh conflict.

The Armenian president's chief adviser Zhirayr Liparityan and NKR Foreign Minister Arkadi Ghukasyan were present at the meeting.

Armenia: World Bank Representative Praises Economic Reforms

NC1308162896 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 13 Aug 96

[FBIS Translated Text] Prime Minister Grant Bagratyan today received Vahram Nersisyants, the representative of the World Bank in Armenia. Mr. Nersisyants noted that the World Bank highly appraises the Armenian Government's activity as regards the realization of economic reforms, considering it consistent and purposeful.

The issues relating to cooperation between Armenia and the World Bank were broached extensively during the conversation, reported the government's press service.

Azerbaijan

Azerbaijan: President Aliyev Receives IMF, World Bank Officials

NC1308181396 Baku TURAN in English 1407 GMT 13 Aug 96

[FBIS Transcribed Text] Baku /13.08.96/ TURAN — Today President Geydar Aliyev received mission of the IMF headed by Tapio Saavalaynen and the World Bank headed by Zeynal Teymas [names as received]. Mr. Saavalaynen told that during the two weeks the delegation of the IMF worked actively with the cabinet of Ministers. "We have reached with your Cabinet of Ministers mutual understanding on 70 percent of proposals by the IMF. These moments will be reflected in the Memorandum to be signed," Mr. Savaalaynen told. He told that the audit they conducted showed that economic reforms in Azerbaijan meet all requirements of the program of the IMF "Stand-by."

"I am satisfied that our positions coincide on many questions and hope that in the future we will cooperate fruitfully," President Aliyev said. He said, that the Cabinet of Ministers was instructed to sign with the IMF a Memorandum on Mutual Understanding. "However, we will not stop on that. In the coming days I am going to pass an order on liquidation of some state concerns the enterprises of which will be privatised. In particular, state concern "Khidmet" (every day services) and the Chamber of Commerce-state concern, will be liquidated," President Aliyev said.

He added that proposals of the IMF on liquidation of the state concern for Bread Products and the Committee for Fuel would be studied in the near future.

"Till the end of September privatisation of all baker's of the country will finish," Aliyev said.

The delegation of the IMF arrived in Azerbaijan on July 30 for the purpose of audit of the conducting of market reforms in the country.

Azerbaijan: Economic Reform Meets IMF Requirements

LD1308191996 Moscow INTERFAX in English 1745 GMT 13 Aug 96

[FBIS Transcribed Text] BAKU, Aug 13 (Interfax) — Azerbaijani economic reform meets the International Monetary Fund's requirements, Tapio Saavalainen, head of the IMF mission visiting Baku, said during a meeting with Azerbaijani President Geydar Aliyev on Tuesday [13 August].

The IMF delegation has actively worked together with the Azerbaijani government for two weeks, he said, adding that "mutual understanding was reached by about 70 percent."

The coordinated ideas will be set out in a joint memorandum on the results of the IMF mission's visit, Saavalainen said.

Aliyev said he was satisfied with the positions of Azerbaijan and the IMF, which converged on many matters.

The Azerbaijani Cabinet has been instructed to sign a memorandum on mutual understanding with the IMF, he said.

The president also said he planned to issue decrees on abolishing some state-run concerns whose subsidiaries will be privatized.

The concern for managing service shops and the trade-and-production state-run concern will in particular be abolished, he said.

The Azerbaijani government will consider the IMF proposal that the bread products state-run concern and the State Fuel Committee be abolished, Aliyev said.

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Azerbaijan will complete the privatization of all bread stores before the end of September, Aliyev said.

Azerbaijan: Possible Oil Pipeline Delay Due To Chechnya Denied

NC1308183996 Baku TURAN in English 1227 GMT 13 Aug 96

[FBIS Transcribed Text] Baku 13.08.96 TURAN — "President of SOCAR [State Oil Company of Azerbaijan] Natig Aliyev did not make a statement concerning the terms of possible transportation of the "early" Azeri oil due to aggravation of the situation in Chechnya," TURAN was told by Rafig Abdullayev, the Assistant of the president of SOCAR. He said that the words of Natig Aliyev had been misinterpreted.

Till the end of 1996 Azerbaijan will resolve all questions connected with transportation of the "early" oil through the territory of the country. Concerning Russia, this question remains in the competence of Russia which had guaranteed security of the pipeline," Abdullayev noted.

On the eve, the "INTERFAX" agency reported, referring to the president of SOCAR, that Baku allows possibility of delay of the implementation of the agreement with Moscow on transportation of the "early" Azeri oil through the territory of Russia due to aggravation of the situation in Chechnya.

Part of the oil pipeline Baku-Novorossiysk passes through the territory of Chechnya, along which, in accordance with the Russian-Azeri agreement, it is planned to start carrying out of "early" oil early in 1997 (35 million tons of oil within five years) from the oil fields Azeri, Chirag and Guneshly to the terminal in the Russian coast of the Black sea.

Georgia

Georgia: Tbilisi, Abkhazia Showing 'Readiness' for Compromise

LD1208181296 Moscow INTERFAX in English 1631 GMT 12 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 12 (Interfax) — There is every reason to believe that Georgia and its breakaway province of Abkhazia will reach a compromise on the extension of the mandate of the joint peacekeeping forces in the zone of the Georgian-Abkhazian conflict, a high-ranking Russian diplomat told Interfax on Monday [12 August].

The Russian diplomat said he was "almost 100 percent confident" of this.

"The Georgian and Abkhazian sides are displaying their readiness for a compromise, mutually acceptable agreements on the clarification and supplement of the peacekeepers' present mandate," the diplomat said.

The mandate of the joint peacekeeping forces, currently made up chiefly of Russian troops, expired on July 19.

Georgia has put forward a number of conditions regarding the extension of the peacekeepers' mandate. The Georgian side in particular demands that the peacekeepers be vested with police functions and that the area of their responsibility in Abkhazia be expanded.

Georgia and Abkhazia conducted consultations on conditions for the extension of the peacekeepers' mandate and the mandate's modification in Moscow in late July. The Georgian-Abkhazian talks were brokered by Russia.

The Georgian and Abkhazian delegations took time out to consult their leadership in the last days of July.

The sides are very close to reaching a verbal compromise on the peacekeepers' mandate, said the diplomat.

After that, Russia and Georgia will submit draft resolutions on the issue to the CIS Council of Heads of State, he said.

He recalled that last Thursday [8 August] the Russian Federation Council approved the participation of Russian troops in the peacekeeping operation in the zone of the Georgian-Abkhaz conflict until January 31, 1997, or until a side in the conflict calls for an end to the operation.

According to the diplomat, a trip to Abkhazia is still on the agenda of Boris Pastukhov, first deputy Russian foreign minister in charge of conflicts in the CIS.

"We keep the trip in mind and it only remains to set the timing," he said.

Ramaz Sichinava, Georgian envoy in Russia, does not discount the possibility that an agreement on the extension of the peacekeepers' mandate may be struck in the near future.

A decision on the peacekeepers' further presence in the zone of the Georgian-Abkhazian conflict "is now contingent solely on the Abkhazian side," Sichinava told Interfax on Monday.

A decision will be made as soon as Abkhazia approves the Georgian proposals, he said.

Georgia, which earlier insisted on expanding the peacekeepers' responsibility to entire Abkhazia, has made a considerable concession while accepting to limit the peacekeepers' responsibility to the Gali district of Abkhazia, the Georgian diplomat said.

He stressed that the compromise sets the limit of how far Georgia can go in softening its demands.

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"It is necessary to take the issue of refugees' return out of the present deadlock, which is impossible without a direct involvement of peacekeeping forces. We understand that it is difficult to return all the refugees to Abkhazia at once. But we want the peacekeepers' mandate to ensure that they can return at least to the Gali district, 99 percent of the population of which were ethnic Georgians before the crisis," said Sichinava.

According to him, Tbilisi continues to demand that the mandate include a proposal obliging peacekeepers to provide assistance in the liquidation of Abkhaz fortifications. "There should be no such facilities in the security zone," he said.

The Russian side on the whole supports Georgia's proposals and everything now depends solely on Sukhumi, said Sichinava.

Georgia: CIS Mandate Extended in Abkhaz Conflict

LD1308122996 Moscow INTERFAX in English 1206 GMT 13 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 13 (Interfax) — Georgia and its breakaway province of Abkhazia have agreed to extend the mandate of the CIS joint peacekeeping forces in the zone of the Georgian-Abkhazian conflict until January 31, 1997, Russian Foreign Ministry spokesman Mikhail Demurin told a briefing in Moscow on Tuesday [13 August].

Georgia and Abkhazia agreed to extend the peacekeepers' mandate, which ran out on July 19, during their talks in Moscow in late July and early August, the spokesman said.

The Georgian-Abkhazian talks were brokered by Russia, which also supplies all of the soldiers for the CIS force.

Georgia and Abkhazia managed to work out "a wording which takes into consideration both sides' positions" concerning the amendment of the peacekeepers' mandate, the spokesman said.

Besides other powers, the peacekeepers will have the powers to take measures to prevent or stop the activities of "terrorist or sabotage formations and other armed groups" in order to ensure the security of refugees in the Gali district of Abkhazia (within its former borders), the spokesman said.

If requested to do so, the peacekeepers will also ensure the security of employees of the U.N. mission in Georgia, the OSCE and other international organizations, the spokesman said.

These agreements will be submitted for consideration by the CIS heads of state in order to make a decision under the existing procedure, the spokesman said.

The Federation Council, the Russian parliament's upper house, on August 8 permitted the use of Russian troops in the zone of the Georgian-Abkhazian conflict until January 31, 1997, the spokesman said.

Georgia: Diplomat Says Future of Peacekeepers' Mandate Still Undecided

LD1308141196 Tbilisi IPRINDA in Russian 1305 GMT 13 Aug 96

[FBIS Translated Text] Moscow, 13 Aug (IPRINDA) — Reports were circulated by the mass media that mandate of the peacekeepers deployed in the Georgian-Abkhaz conflict zone has been extended by decision of the Russian Federation Council.

R. Sichinava, envoy extraordinary and plenipotentiary to Russia for the above matters, told an IPRINDA correspondent that extension of the mandate is a prerogative of the Council of Heads of State and that the Federation Council only gave the right for further use of the joint peacekeeping forces in the conflict zone. The destiny of the mandate is to be decided in about two weeks' time.

According to the Georgian diplomat, a new version of the mandate, which was agreed with both the Georgian and the Abkhaz sides, will be sent to the heads of the CIS states and their decision will decide the fate of the mandate.

R. Sichinava also noted that the Georgian side will agree to extension of the mandate providing Georgia's proposals for an unconditional return of the refugees to Gali district are taken into consideration.

According to the same source, Russian Deputy Foreign Minister Boris Pastukhov, Russian Deputy Prime Minister A. Bolshakov, Georgian Ambassador V. Lortkipanidze, and members of the Georgian Government will visit Gali district in the near future to discuss with the Abkhaz side the possibilities for the refugees to return to the region.

Georgia: Leaders Talk With Russian Border Troops Commander

LD1308154896 Tbilisi CONTACT INFORMATION AGENCY in Georgian 1345 GMT 13 Aug 96

[FBIS Translated Text] Tbilisi — Colonel General Andrey Nikolayev, director of the Federal Border Service of the Russian Federation, paid a working visit to Georgia on 12-13 August at the Georgian government's invitation and at the Russian president's order.

Nikolayev met Georgian President Eduard Shevardnadze, Foreign Minister Irakli Menagharishvili, and Valeri Chkheidze, chairman of the Georgian Department for the Protection of State Borders.

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The participants in negotiations confirmed their readiness to implement the course of strategic partnership, including cooperation in border protection, as outlined by the leaders of the two countries.

It was noted at the meeting that the agreement on the status and conditions of the activities of the Russian Federation Border Troops deployed in Georgia, which was signed during President Yeltsin's visit to Georgia in 1994, has become the basis for cooperation between Russia and Georgia in the field of border protection.

Taking into consideration experiences in cooperation and with a view to further developing coordination, the two sides agreed that the document needed to be amended. Work will continue in this direction in accordance with the Georgian and Russian legislative basis which provides for the protection of state borders and meets modern demands and realities.

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